[NOTICE: This Annual Securities Report is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]

Annual Securities Report

(The sixth term)

From October 1, 2021 to September 30, 2022

Amvis Holdings, Inc.

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Cover

Documents submitted	Annual Securities Report (“Yukashoken Hokokusho”)
Based on	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Submitted to	Director-General of the Kanto Local Finance Bureau
Submission date	December 28, 2022
Fiscal year	Sixth Term (From October 1, 2021 to September 30, 2022)
Company name	Kabushiki-Kaisha Amvis Holdings
English name	Amvis Holdings, Inc.
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Part I: Corporate Information

A: Corporate Overview

1. Principal Business Performance Indicators
   (1) Consolidated business performance indicators

Fiscal term		2nd term	3rd term	4th term	5th term	6th term
Year ended		September 30, 2018	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022
Net sales	(million yen)	3,104	5,369	9,174	15,334	23,072
Ordinary profit	(million yen)	411	864	1,779	3,779	6,060
Profit attributable to owners of parent	(million yen)	287	602	1,239	2,627	4,279
Comprehensive income	(million yen)	287	602	1,239	2,627	4,279
Net assets	(million yen)	467	1,070	5,255	16,341	20,458
Total assets	(million yen)	3,338	6,997	16,519	31,922	41,767
Net assets per share	(yen)	5.85	13.38	58.34	168.26	209.12
Earnings per share	(yen)	3.59	7.53	13.83	28.08	44.03
Diluted earnings per share	(yen)	-	-	13.46	27.51	43.63
Shareholders’ equity ratio	(%)	14.0	15.3	31.8	51.2	49.0
Return on equity	(%)	88.7	78.4	39.2	24.3	23.3
Price earnings ratio	(times)	-	-	53.73	71.68	55.42
Net cash provided by (used in) operating activities	(million yen)	328	445	1,165	2,584	4,415
Net cash provided by (used in) investing activities	(million yen)	(657)	(1,139)	(5,304)	(5,780)	(7,751)
Net cash provided by (used in) financing activities	(million yen)	242	660	7,021	11,052	3,486
Cash and cash equivalents at the end of period	(million yen)	486	452	3,335	11,192	11,342
Number of employees (Separately, the average number of temporary employees)	(people)	327 (131)	594 (190)	972 (217)	1,446 (301)	2,184 (416)

(Notes)
1. The Company implemented a 200-for-1 stock split on July 31, 2019, a 2-for-1 stock split on April 1, 2020, a 2-for-1 stock split on January 1, 2022, and a 2-for-1 stock split on October 1, 2022. Therefore, net assets per share, earnings per share and diluted earnings per share are calculated as if the stock splits had been implemented at the beginning of the second term.
2. Diluted earnings per share for the second and the third term are not shown because the Company’s shares were unlisted, and the average share price during the period cannot be determined, although stock acquisition rights existed.
3. Price earnings ratios for the second and the third term are not shown because the Company’s shares were unlisted.

4. The number of employees excludes those seconded from the Company and its consolidated subsidiaries (hereinafter referred to as the “Group”) to outside parties and includes employees seconded from outside parties to the Group. The number of temporary employees (including part-time and temporary employees, but excluding temporary employees dispatched from human resources companies) is the average number of people per year (converted to eight hours per day) shown in parentheses.
5. In the fifth term, the Group changed its accounting policy regarding non-deductible consumption taxes on property, plant, and equipment (PP&E) from recording them as expenses at the time of acquisition of the PP&E to including them as part of the PP&E. Therefore, the figures for the fourth term have been retrospectively adjusted to reflect this change in accounting policy. The cumulative effects before the third term were reflected in net assets at the beginning of the fourth term.
6. The “Accounting Standard for Revenue Recognition” (The Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and others were applied from the beginning of the sixth term, and the figures for the sixth term are presented after the application of the accounting standard.

(2) Non-consolidated business performance indicators

Fiscal term		2nd term	3rd term	4th term	5th term	6th term
Year ended		September 30, 2018	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022
Operating revenue	(million yen)	408	562	1,120	1,884	3,145
Ordinary profit	(million yen)	116	23	323	446	1,081
Profit	(million yen)	105	17	270	479	1,069
Share capital	(million yen)	40	40	1,540	5,838	5,866
Total number of shares issued	(shares)	50,000	10,000,000	22,522,000	24,280,000	48,917,600
Net assets	(million yen)	133	151	3,365	12,303	13,210
Total assets	(million yen)	917	2,035	9,400	21,610	26,489
Net assets per share	(yen)	1.67	1.90	37.36	126.68	135.03
Dividend per share (Interim dividend per share)	(yen)	- (-)	6.0 (-)	6.0 (-)	9.0 (-)	6.0 (-)
Earnings per share	(yen)	1.32	0.22	3.02	5.12	11.00
Diluted earnings per share	(yen)	-	-	2.94	5.02	10.90
Shareholders' equity ratio	(%)	14.6	7.5	35.8	56.9	49.9
Return on equity	(%)	130.6	12.4	15.4	6.1	8.4
Price earnings ratio	(times)	-	-	245.74	393.09	221.80
Dividend payout ratio	(%)	-	338.21	49.59	43.95	27.27
Number of employees (Separately, the average number of temporary employees)	(people)	20 (1)	20 (1)	43 (1)	40 (6)	67 (14)
Total shareholder return (Index for comparison: TOPIX including dividends)	(%) (%)	- (-)	- (-)	- (-)	271.1 (127.5)	329.0 (118.4)
Highest share price	(yen)	-	-	3,875 (8,710)	8,330	2,502 (12,500) Note 7 (5,670) Note 8
Lowest share price	(yen)	-	-	2,366 (3,775)	2,816	2,378 (7,380) Note 7 (3,015) Note 8

(Notes)

1. The Company implemented a 200-for-1 stock split on July 31, 2019, a 2-for-1 stock split on April 1, 2020, a 2-for-1 stock split on January 1, 2022, and a 2-for-1 stock split on October 1, 2022. Therefore, net assets per share, earnings per share and diluted earnings per share are calculated as if the stock splits had been implemented at the beginning of the second term. The dividends per share is the actual amount before the stock splits.

2. Diluted earnings per share for the second and the third term are not shown because the Company's shares were unlisted and the average share price during the period cannot be determined, although stock acquisition rights existed.
3. Price earnings ratios, highest share prices and lowest share prices for the second and the third term are not shown because the Company was listed on the JASDAQ (Standard) of the Tokyo Stock Exchange on October 9, 2019.
4. Total shareholder return and index for comparison for the second through the fourth term are not shown because the Company was listed on the JASDAQ (Standard) of the Tokyo Stock Exchange on October 9, 2019.
5. The highest share prices and lowest share prices are those on the JASDAQ (Standard) of the Tokyo Stock Exchange. The Company transitioned to the Standard market of the Tokyo Stock Exchange on April 4, 2022.
6. The highest and lowest share prices for the fourth term are the amounts after ex-rights due to the stock split implemented on April 1, 2020, and the amounts before the stock split are shown in parentheses.
7. The highest and lowest share prices for the sixth term are the amounts after ex-rights due to the stock split implemented on October 1, 2022, and the amounts before the stock split implemented on January 1, 2022 are shown in parentheses.
8. The highest and lowest share prices for the sixth term are the amounts after ex-rights due to the stock split implemented on October 1, 2022, and the amounts before the stock split implemented on October 1, 2022 are shown in parentheses.
9. The number of employees excludes employees seconded from the Company to outside parties and includes employees seconded from outside parties to the Company. The number of temporary employees (including part-time and temporary employees, but excluding temporary employees dispatched from human resources companies) is the average number of employees (converted to eight hours per day) per year and is shown in parentheses.
10. In the fifth term, the Company changed its accounting policy regarding non-deductible consumption taxes on PP&E from recording them as expenses at the time of acquisition of the PP&E to including them as part of the PP&E. Therefore, the figures for the fourth term have been retrospectively adjusted to reflect this change in accounting policy. The cumulative effects before the third term were reflected in net assets at the beginning of the fourth term.
11. The "Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and others were applied from the beginning of the sixth term, and the figures for the sixth term are presented after the application of the accounting standard.

2. History

The Company was established in Kuwana, Mie Prefecture, in September 2013 to engage in home nursing care, home care, and ancillary businesses based on the Long-Term Care Insurance Law, the Health Insurance Law, and the Law for Comprehensive Support of Daily Life and Social Life of People with Disabilities (hereinafter referred to as the “Law for Comprehensive Support of People with Disabilities”). The founder, Keiichi Shibahara, is a physician and researcher in the field of life sciences with a career spanning approximately 20 years. After retiring from the forefront of research, he engaged in activities related to the revitalization of regional healthcare in “areas where the care is scarce,” where an adequate supply of medical resources was not available, as well as disaster recovery support activities following the Great East Japan Earthquake. Later, he established the Company with the following aspirations: “I want to solve the medical issues faced by the super-aging society by proposing and implementing new structures,” “I want to help sublimate the closed medical industry into a growth industry where the principle of healthy competition works,” and “I want to optimize limited medical resources and deliver the benefits of coming innovative medical care to as many people as possible.” Amvis Holdings was established in Yaesu, Chuo-ku, Tokyo, through a share transfer in October 2016, and has since transitioned to a holding company structure with Amvis, Inc. as a wholly owned consolidated subsidiary. In March 2020, a consolidated subsidiary, Ashitano Iryo, Inc., was established to offer consulting and other services related to the management of medical institutions and care facilities.

The history of the Group since the establishment of Amvis, Inc. is shown in Table 1.

Table 1: Background of the Group

As of the submission date of this Annual Securities Report

Date	Outline
September 2013	Amvis, Inc. established in Kuwana, Mie Prefecture to engage in home nursing care, home care, and ancillary businesses
May 2014	Relocated beds from a former hospital to a nursing home as Ishinkan Nabari in Nabari, Mie Prefecture, commencing the business of “in-home hospital beds” model as a trial
August 2014	Opened Ishinkan Ama in Ama, Aichi Prefecture Leased a newly established nursing home, the first facility to open under the Ishinkan model
October 2016	Amvis Holdings, Inc. established in Yaesu, Chuo-ku, Tokyo through a stock transfer Transitioned to a holding company structure, with Amvis, Inc. as a wholly owned subsidiary
October 2019	Amvis Holdings, Inc. listed on the JASDAQ (Standard) of the Tokyo Stock Exchange
March 2020	Ashitano Iryo, Inc., whose name means “future medicine,” established as a consolidated subsidiary to offer consulting on the management of medical institutions and care facilities
April 2022	With the Tokyo Stock Exchange's market restructuring, Amvis Holdings, Inc. transitioned to the Standard market

3. Description of Business

The Group consists of three companies, the Company and two consolidated subsidiaries, and the Company is the holding company. The Company's consolidated subsidiaries include Amvis, Inc. (hereinafter referred to as "Amvis") and Ashitano Iryo, Inc. (hereinafter referred to as "Ashitano Iryo"). In addition, the Company falls under the category of specified listed companies, etc., as stipulated in Article 49, Paragraph 2 of the Cabinet Office Ordinance on Regulation of Securities Transactions, etc., and as a result, the insider trading regulations' criteria for material facts to be insignificant are based on consolidated figures.

The Company's core business is consulting to Amvis on the operation and management of nursing homes* and leasing land and buildings for use as nursing homes.

The core business of Amvis is the hospice business. Amvis provides various services, such as home nursing care service, home care service, in-home care support service, and in-home care service for people with disabilities in Ishinkan facilities, and operates facilities to conduct the hospice business, which is called the Ishinkan business. It is currently the mainstay business of the Group. By working together as a group, we actively accept patients with high medical dependency, such as those in the terminal stages of cancer, those on artificial respirators, and those suffering from neurodegenerative diseases, and provide specialized nursing care in the chronic and terminal stages. Specifically, Amvis provides these services and operates the facilities, while the Company supports in planning strategies for opening "Ishinkan," acquiring partner medical institutions, developing customer business partners, analyzing and improving the status of customer attraction and service provision, ensuring proper operation, billing for medical and care fees, managing receivables, and procuring supplies. The Group has established a comprehensive business model for strengthening and revitalizing regional healthcare and nursing (hereinafter collectively referred to as the "Ishinkan business").

The Group's only segment is the Ishinkan business.

* The term "nursing home" in this document includes residences for elderly people with service.
Nursing homes are residences for the elderly established through procedures stipulated in the Elderly Housing Act, and are under the jurisdiction of the Ministry of Health, Labour and Welfare.
Residences for the elderly with service are rental housing established through the procedures stipulated in the Act on Housing for the Elderly, and are under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism.

<u>Ishinkan Business</u>

The Ishinkan business, mainly operated by Amvis, combines home-based services such as home nursing care, home care, and in-home care support services, and nursing home services as facility-based services. As a result, the Group operates 65 "Ishinkan" facilities in Tokyo, Hokkaido and 17 prefectures as of the date of submission of this annual securities report, responding to a wide range of needs of patients with high medical dependency and their families who are concerned about the places that accept patients after discharge. In addition, Ishinkan accepts people with disabilities and provides services under the Law for Comprehensive Support of People with Disabilities. In particular, by strengthening its nursing personnel structure, the facility is characterized by its ability to provide substantial nursing care in the chronic and terminal stages of treatment for patients with high medical dependency. In addition, in principle, we outsource physicians. ("Outsourcing of physicians" does not mean outsourcing of work, but it means collaboration and cooperation based on empathy among medical and nursing care professionals.) By doing so, we aim to ensure the transparency and fairness of our business, and to be recognized by the community as an entity that plays a role in the Community-based Integrated Care System, including home treatment, and provides a platform for "regional healthcare."

From our perspective, there is little need for physicians to be stationed at the facility to provide medical care in the chronic and terminal stages of treatment, and it is possible to outsource medical care to a non-resident based on cooperation and collaboration. This results in extra capacity to invest in nursing and care staff. Meanwhile, regional practitioners and other clinics without beds can take advantage of beds at Ishinkan facilities, if they need to see patients who require hospital beds, which improve their ability to respond to patients by making them practically like having hospital beds. This approach reduces the burden of managing patients' conditions and hospital beds after hours (We call this approach "sharing hospital beds"). In addition, we believe that this service will improve the turnover of hospital beds at hospitals and lead to stable management. We believe that these are some of the reasons for the strong relationships of trust that have been established between Ishinkan (the Group) and medical institutions.

Explanations of terminology related to business details are provided at the end of this chapter in the "Glossary of Terms" section.

The details of services provided through the Ishinkan business are as follows. Amvis's revenues have a three-tier structure that primarily consists of medical service fees and care fees received from the provision of these services from the Social Insurance Medical Fee Payment Fund and the National Health Insurance Federation (hereinafter referred to as the "National Health Insurance Federation, etc."), and other revenues (rent, management fees, food expenses and others) from patients, which are not covered by insurance.

(1) Home Nursing Care/Home Nursing Care for Preventive Long-Term Care

- We provide home nursing care services to users and record the fee (medical service fee in the case of the medical insurance system and care fee in the case of the care insurance system, respectively) obtained from the National Health Insurance Federation, etc. as sales.
- In general, 10% to 30% of the service fee is billed to the user, and the remaining 70% to 90% is billed to the National Health Insurance Federation, etc.
- Home nursing care was commercialized based on the home nursing care system for the elderly, which was established by the revision of the Health Care Law for the Elderly (1992). When a person with a disease or disability wishes to receive medical treatment at home, the Group provides medical care and medical assistance based on the home nursing care instructions issued by the attending physician.
- Due to the amendment of the Health Insurance Law and other laws (1994), home nursing care can be provided to home care patients of all ages, including children with intractable diseases and children with disabilities who are not covered by geriatric care.
- Home nursing care is provided by nurses, licensed practical nurses, public health nurses, physical therapists, occupational therapists, and others who have a national license or a prefectural governor’s license. In addition, various types of corporations provide services, such as medical corporations, social welfare corporations, special corporations, profit-oriented organizations such as stock companies, and non-profit organizations.
- The medical care that can be provided by home nursing refers to rehabilitation, toileting, and assistance with personal hygiene. Medical assistance includes managing indwelling catheters and drains, implementing intravenous drips, injections, management of home oxygen and ventilators, treating bedsores, and a wide range of other services.
- In general, home nursing care is used by people who have finished acute stage treatment at hospitals and need medical care even after discharge. Meanwhile, preventive home nursing care is provided to prevent as much as possible the deterioration of conditions of people who are not yet bedridden or who have dementia and require constant nursing care (requiring nursing care), but who need assistance in daily life such as housework and preparation (requiring support) from deteriorating into the former condition.
- Amvis has a home nursing care office within Ishinkan facilities, and provides both home nursing care and home care services to patients.

(2) Home Care/Preventive Long-Term Care and Comprehensive Livelihood Support Project

- As in case (1), the fee received from the National Health Insurance Federation, etc. is mainly recorded as sales.
- In general, As in case (1), 10% to 30% of the service fee is billed to the user, and the remaining 70% to 90% is billed to the National Health Insurance Federation, etc.
- Home helpers (home-visit caregivers) and care workers visit the homes of people who need care, and provide care such as bathing, toileting, eating, and dressing (physical care), as well as consultation and advice on household chores such as cooking, laundry, and cleaning (daily life assistance).
- Meanwhile, those who need support can receive home-visit services based on the preventive long-term care and comprehensive livelihood support project. Until March 2018, nursing care preventive visiting care was available as an in-home service for those requiring support, but from April 2018, nursing care preventive visiting care was transferred to the preventive long-term care and comprehensive livelihood support project.
- Amvis has a home nursing care office within Ishinkan facilities, and provides home care and home nursing care services to patients. The content of the service is based on the care plan prepared by the care manager.
- After explaining the various services to the users, Amvis concludes contracts and provides services per the care plan. Since most of the patients at Ishinkan require a high level of nursing care, we mainly provide physical care services.

(3) In-Home Care Support

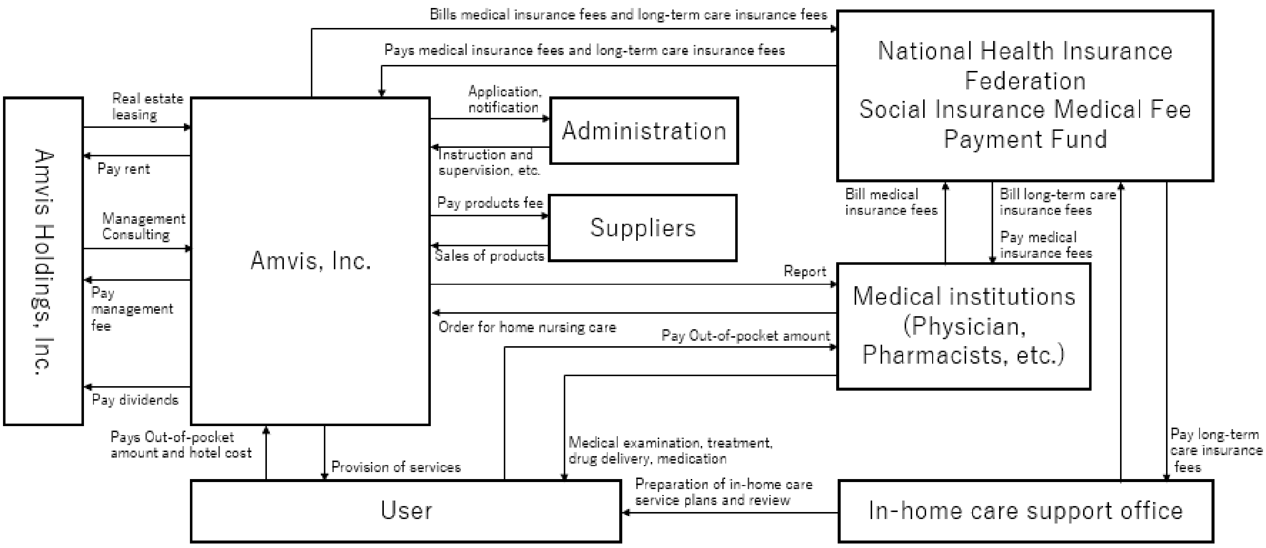
- This service involves preparing an in-home service plan (care plan) for the type and content of services to be used, upon request from the service user, considering the users' physical and mental condition, the environment they live in, and the wishes of users and their family.
- In addition to preparing in-home service plans, we liaise and coordinate with service providers and facilities to ensure that services are provided appropriately based on the plan.
- As of the date of submission of the annual securities report, Amvis has in-home care support offices within some Ishinkan. However, patients can receive services from external in-home care support offices, and they are free to choose.
- When the Group's care managers prepare care plans or otherwise support the use of nursing care insurance services by persons who require nursing care, Amvis bills the nursing care insurance for the fee and records this as sales. The fee is set according to the level of care required by the service user, and for in-home care support services, there is no cost to the user; the full amount is paid by the long-term care insurance.

(4) In-Home Care/Intensive Home Care

- Based on the Act on the Law for Comprehensive Support of People with Disabilities, this service provides in-home care services and severe home care services to provide comprehensive support for daily life and social life for people with disabilities to live in their familiar communities.
- In-home care involves assisting bathing, toileting, and meals at home.
- Intensive home care is a comprehensive service that provides care for bathing, excretion, meals at home, and transportation support when going out, etc., to people with severe physical disabilities who need constant care (from April 2014, this service has been expanded to include people with severe intellectual and mental disabilities).
- These services are provided on a case-by-case basis, based on the level of disability and other factors such as social activities, caregivers, living conditions that should be considered. Amvis records fees based on the provision of these services as sales.

[Business structure]
Figure 1 shows a structure of the Group's business.

Figure 1: Business Structure



Background and Opportunities for Commercialization

The background to the commercialization of the Ishinkan business and business opportunities are as follows.

(1) Exhaustion and Collapse of Regional healthcare

Hospitals in areas where the care is scarce face common problems: a chronic shortage of physicians and operating losses, and are thus on the verge of closing or discontinuing the offering of hospital beds. One reason for the challenge in securing physicians is the excessive workloads that result from providing daily outpatient care and ward management, and highly urgent services such as emergency and perinatal care, with a small number of staff. Although hospitals attempt to improve the working environment by hiring more physicians, it should be very difficult to do. Raising salaries causes personnel expenses to rise, further worsening the management situation. The number of patients decreases further due to the closure of hospital beds and outpatient clinics, and the decrease of quality and quantity of services. This worsens the management situation further and as a result the hospital closes due to further management deterioration. This is a structural problem (the spiral of the collapse of regional healthcare).

(2) Refugees from Medical Care

Japan is a super-aged society (a society in which the percentage of the population aged 65 and over generally exceeds 20% of the total population), characterized by increasing demand for medical and nursing care. Japan also has a “society of numerous deaths.” The number of home care patients who require a high level of medical and nursing care is rapidly increasing, and the current situation is inadequate in terms of quantity and quality of the development of appropriate care and systems.

The total number of chronic-phase hospital beds, including long-term care beds, which has accepted such patients, is to be reduced (stricter evaluation of hospital bed functions). Regarding the community-based integrated care beds established in 2014, as is evident from the fact that a higher fee is set for increasing the percentage of patients who return home (return to home), rather than transferring patients within and between hospitals (Source: Central Social Insurance Medical Council General Assembly (389th Meeting) Materials, February 7, 2018), the government is strongly promoting the trend for hospitals to return patients to their homes, as in the case with “occasional hospitalization and mostly at home.” The Group believes that this stricter evaluation of hospital bed functions aims to promote the differentiation of hospital bed functions and the overall reduction in the number of hospital beds, especially the reorganization of medical treatment beds.

In order to achieve the “Regional healthcare Concept,” the government aims to reduce the number of chronic-phase hospital beds from 312,000 as of 2021 to 284,000 by 2025, and the destination of the reduction will be covered by the use of care facilities and home medical care. In addition, in order to meet the increasing demand associated with the development of a “super-aged” and “numerous deaths” society, it is envisioned that related organizations and professions will work together in the community to support patients (Community-based Integrated Care System) (Source: Ministry of Health, Labour and Welfare website, “About Policy / Community-based Integrated Care System” etc.). However, there are large regional disparities in the state of development of such systems, and medical resources and functional coordination are insufficient to meet demand. Beyond the reduction of medical treatment beds, it is expected that the number of “places for medical treatment” that can replace medical treatment beds would become increasingly scarce over time throughout society, especially in areas where the care is scarce.

Under these circumstances, there is a problem of “refugees from medical care,” which is a problem concerning the destination of patients with high medical dependency after discharge, such as not being able to transfer to a family hospital after discharge due to the shortage of hospital beds, not being able to transfer to a care facilities due to the lack of medical care, and not being able to return even to their own homes due to the increased burden on their families.

Characteristics of the Ishinkan Business

The characteristics of the business conducted by the Group are as follows.

(1) Outline of the Ishinkan Business

The Ishinkan business is a hospice business, which consists of the operation of nursing homes called “Ishinkan” and the operation of home nursing care offices and home care offices within Ishinkan facilities. At nursing homes, staff watch over and manage the health of patients 24 hours a day, 365 days a year, while staff at home nursing and home care facilities provide daily care to patients and respond to illnesses in accordance with physicians’ orders for home nursing care or care managers’ care plans. In these respects, there is no difference in the management method from that of the nursing homes operated by other companies, and there are no major features in the structure and facilities of the building; however, in order to develop and operate the business stably and sustainably, “Ishinkan” has the following features.

(2) Characteristics of the Ishinkan Business

1) Characteristics of the Ishinkan Business from Patients' Perspective

The Group is developing the Ishinkan business to provide a place where patients with high medical dependency can live with peace of mind and dignity. These include people who are in the terminal stages of cancer, those with specific and other intractable diseases, those who require respiratory management through the use of artificial respirators or tracheotomies, those who must be repeatedly admitted to and discharged from hospitals, those who require end-of-life nursing and caregiving, and those who have severe disabilities that make daily life at home difficult. For patients with high medical dependency who find it challenging to receive adequate nursing and care at home, the Group provides a place (destination after discharge) that adds the function of "recuperation" in the chronic and terminal stages to "home," with nursing staff acting as the main care providers until the end.

Since the sufficiency of medical resources (medical personnel and assistants, medical facilities and equipment, and others) and the resulting medical care provision situation vary greatly from region to region, the Ishinkan locations flexibly adjusts their acceptance targets according to the needs of the region while considering the separation of medical institutions.

The Group is always working with multiple physicians to provide the necessary medical care to its patients. If a patient's medical condition changes, and it is challenging for the attending physician to provide the necessary medical care, or if a patient needs medical care from physicians with different specialties, the patient is introduced to physicians through a nurse at an Ishinkan facility. This can be said to be a system in which vital medical care is provided to patients through the smooth cooperation of local medical workers and others. This system aims to improve the quality of home medical care and the efficient use of medical resources at Ishinkan and in the area.

2) Characteristics of the Ishinkan Business from the Perspective of the Profit Structure

The revenue in the Ishinkan business is structured into three tiers: medical service fees obtained from the National Health Insurance Federation, etc. + care fees obtained from the National Health Insurance Federation, etc. + other revenues (rent, management fees, food expenses and others) received from patients which are not covered by insurance.

Unlike special nursing homes, geriatric health care facilities, and other long-term care facilities (nursing homes, etc.), Ishinkan specialize in patients with high medical dependency. Therefore, in the "tailwind" environment of policies promoting the shift from hospitals to homes, Ishinkan earn revenues from both care insurance fees and medical insurance fees. As a result the most important feature of the Group's business is its stability.

3) Characteristics of the Ishinkan Business from the Perspective of the Personnel Structure

a. A Large Number of Nurses

In order to meet the medical needs of patients with high medical dependency, the number of experienced nursing staff such as those who have worked at general hospitals for a certain period (the number of staff placed in Ishinkan facilities and home nursing care offices within Ishinkan facilities) is the same as that of the facility standard of the basic hospitalization fee for general wards. (The ratio of patients to nursing staff who provide nursing care each day is 10:1 to 13:1.) In addition, the total number of nursing and care staff almost equals the number of patients.

b. Training of Human Resources Involved in Home Care

When considering how to respond to a future of a society characterized by "numerous deaths," the Group believe it is necessary to develop human resources to support end-of-life care. At Ishinkan facilities, the Group provided end-of-life care to 9,955 patients from May 2014 to September 2022. From October 2021 to September 2022, the Group provided end-of-life care to 4,432 patients, which is more than the total number of staff at Amvis. Many members of staff have gained experience in end-of-life medical care and nursing care at Ishinkan facilities and are sharing this experience with the next end-of-life care as individuals and as an organization (e.g., by holding death conferences). This shows that the Ishinkan business is developing human resources involved in home treatment and meet the needs of society.

4) Characteristics of the Ishinkan Business from the Perspective of Outside Collaborators

In principle, the Ishinkan business ensures transparency and fairness by outsourcing physicians. At the same time, the Group collaborates with the physicians based on empathy for the care of patients with high medical dependency. Accordingly, the Ishinkan business is characterized by the fact that it is assembling a platform for Community-based Integrated Care Systems and "regional healthcare," including home care. The Group, including Amvis, is not affiliated with any hospital or other organization and operates its business without comprehensive capital ties with any particular physician.

As of the submission date of this Annual Securities Report, the number of Ishinkan facilities operated by Amvis has increased to 65 facilities with a capacity of 3,176 people. Cumulatively, 13,412 people had used these facilities as of the end of September 2022.

Glossary of Terms

Home treatment	The term “home treatment” refers to medical treatment and nursing care provided to people with illnesses at home or in facilities. With the second revision of the Medical Service Act in 1992, “in-home care, etc.” came to have a legal basis as a place where medical care is provided, and its scope was defined in the medical service fee in 2008. In addition to homes, social welfare facilities, and facilities for the disabled, residential facilities such as special nursing homes, nursing homes, group homes, and small-scale multifunctional in-home care facilities are included. Two types of medical service fees can be billed for home treatment: those that evaluate medical care provided by visiting medical professionals, such as house calls, home medical care, and home nursing, and those that evaluate home medical care provided by patients, such as home self-injection and home oxygen therapy. The government is promoting the trend from hospital to home in the reform of the medical care delivery system, and home here includes discharge to home and the residential facilities mentioned above.
Home nursing care	Based on the Public Health Nurses, Midwives, and Nurses Act, nurses with a national license or licensed practical nurses and public health nurses with a prefectural governor’s license visit the home of people with illnesses or injuries under the direction of a physician (attending physician) and provide medical care or necessary medical assistance at home (observation of physical and mental conditions, measurement of body temperature, pulse, blood pressure, blood oxygen saturation, assistance with elimination and changing diapers, suctioning of sputum, oral care, assistance with meals, and administration of fluids, artificial nutrition, and medicines through gastrostomy). This differs from home care in that medical treatment is provided.
Home care	Home-visit care workers visit a person’s home to provide care for daily living activities such as eating, toileting, changing diapers, changing clothes, changing bedding, transferring to a wheelchair, going to the hospital, going out, etc., and daily housework such as cooking, washing, drying laundry, taking in laundry, storing laundry, cleaning, and shopping.
In-home care support business	In order for people who need nursing care to use appropriate services, care plans are prepared and reviewed following the requests of the person and their family, as well as liaison and coordination with service providers and facilities. At in-home care support offices, care support specialists (care managers) perform the following tasks: Acceptance of applications for certification of the need for nursing care and submission of application forms Conducting nursing care certification surveys Referrals to designated in-home care service providers and long-term care health facilities, and liaison and coordination with these providers Preparation of in-home care service plans and review of services to be received by people requiring care at meetings of people in charge of services Management of service provision based on the service plan Re-evaluation of services and refinement of service plans
In-home care (home help)	This type of care involves welfare service for people with disabilities, and people whose disability level classification is Category 1, or higher (or equivalent physical and mental conditions for children with disabilities) receive nursing care for bathing, excretion, and meals, housework such as cooking, washing, and cleaning, consultation and advice concerning daily life, and other general assistance at home.
Intensive home care	This welfare service for people with disabilities involves the comprehensive provision of care for bathing, excretion, and meals, housework such as cooking, washing, and cleaning, consultation and advice concerning daily life, and other general assistance, and care during transportation when going out, to people with severe physical disabilities who need constant care at home. Since April 2014, this program has been expanded to include people with severe intellectual and mental disabilities.
Residential type nursing home	These facilities for the elderly are provided as a necessary measure to maintain their physical and mental health and to stabilize their lives in order to promote the welfare of the elderly per the provisions of Article 29, paragraph 1 of the Elderly Welfare Act. There is no limitation on the organization (mainly for-profit corporations). The target population is the elderly; however, since there is no definition of the elderly in the law on which the law is based, it depends on the interpretation of socially accepted ideas. It is defined as a facility that provides one of the following services to residents: (1) care for bathing, excretion, or meals, (2) provision of meals, (3) housekeeping such as laundry and cleaning, and (4) health care.

Residences for the elderly with service	Barrier-free housing that is registered per the standards of Article 5 of the Act on Securing Stable Housing for the Elderly (Elderly Housing Act) and provides services that support the peace of mind of the elderly in cooperation with nursing and medical care. There is no category under the Long-Term Care Insurance Law, and outside services are used. There is no limit to the type of entity that can set up a home (mainly for-profit corporations). Eligibility is limited to single or couple households, those aged 60 or over, and those under 60 who have been certified as requiring nursing care or support. It is defined as a residence that provides welfare services such as monitoring residents' conditions and lifestyle consultation services.
Care insurance facility	A facility that can provide services to insured users by long-term care insurance. In addition to geriatric health care facilities, there are geriatric welfare facilities for the elderly and geriatric medical care facilities, each of which has different establishment standards.
Community-based Integrated Care System	A comprehensive support and service delivery system in the community that serves as a base for promoting home medical care, with the aim of maintaining the dignity of the elderly and supporting independent living. The background is that Japan's medical care delivery system is characterized by many hospital beds per population and long hospital stays compared to other countries in the world, and while demand for medical and nursing care services for the elderly is increasing, the government believes that it is necessary to improve the efficiency of medical and nursing care and to provide the necessary medical and nursing care to those who need it in light of the country's financial situation. The FY2018 revision of medical service fees also includes tightening the evaluation of hospital bed functions and achieving comprehensive medical and nursing care coordination based on local residences through a Community-based Integrated Care System in order to further promote the flow from hospitalization to home.
Medical dependency	Medical dependency is the degree to which survival is difficult without medical care, such as ventilator management, oxygen therapy, and tube feeding. It is one condition that determines whether or not a patient can receive home treatment or whether or not a patient can be accepted by a care facility after discharge. To deal with patients with high medical dependency, it is necessary for nurses who have experience working in hospital wards to be familiar with daily care methods, to have knowledge of medical aspects such as not overlooking signs of sudden changes or abnormalities and correct responses in an emergency, and to learn how to protect privacy.

4. Status of Subsidiaries and Affiliates

Name	Location	Share capital (million yen)	Main businesses	Ownership of voting rights (%)	Details of relationship
(Consolidated subsidiary) Amvis, Inc. (Notes) 1, 3	Chuo-ku, Tokyo, Japan	10	In-home services, home nursing care, home care, and ancillary businesses	100	Management guidance Rent of real estate Acceptance of seconded employees Secondment of employees Receipt of dividends Receipt of guarantees about borrowings from banks Interlocking directorate
Ashitano Iryo, Inc.	Chuo-ku, Tokyo, Japan	90	Research, advice and consulting services on the management of medical institutions and care facilities	100	Support of funds Interlocking directorate

(Notes) 1. Amvis, Inc. is a specified subsidiary.
2. None of these companies has submitted a security registration statement or annual security report.
3. For Amvis, Inc., the ratio of net sales (excluding intercompany sales between consolidated companies) to consolidated net sales exceeds 10%.
Principle Information on Profit and Loss, and others:

1) Net sales	23,064 million yen
2) Ordinary profit	6,012 million yen
3) Profit	4,246 million yen
4) Net assets	7,323 million yen
5) Total assets	15,705 million yen

5. Status of Employees

(1) Status of the Group

As of September 30, 2022

Segment	Number of employees (people)
Ishinkan business	2,184 (416)

(Notes) 1. The number of employees excludes those seconded from the Group to outside parties and includes those seconded from outside parties to the Group. The number of temporary employees (including part-timers and temporary employees, but excluding temporary employees dispatched from personnel agencies) is the average number of people per year (on an eight-hour per day basis) and is shown in parentheses.
2. Segment information is omitted because the Group operates in a single business segment, the Ishinkan business

(2) Status of the Submitting Company

As of September 30, 2022

Number of employees (people)	Average age (years)	Average years of service (years)	Average annual salary (thousand yen)
67 (14)	38.3	1.5	5,907

(Notes) 1. The number of employees excludes those seconded from the Company to outside parties and includes those seconded from outside parties to the Company. The number of temporary employees (including part-timers and temporary employees, but excluding temporary employees dispatched from personnel agencies) is the average number of people per year (converted to eight hours per day) shown in parentheses.
2. The average annual salary includes bonuses and non-standard wages.
3. Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

(3) Status of the Labor Union

Although no labor union has been formed in the Group, labor-management relations are amicable.

B: Status of Business

1. Management Policy, Management Environment, and Issues to Be Addressed

Matters concerning the future in the text are based on the judgment of the Group as of the date of submission of the annual securities report.

(1) Basic Management Policy of the Group

Our company name, Amvis, is coined from the words “ambitious vision.” The Group aims to contribute to the advancement of medicine and healthcare, and to the realization of a society in which as many people as possible can enjoy the benefits. The Group also aims to solve social problems and make profits by innovating structures, not by science or technology. As a first step, the Group proposed and implemented a unique business called “Ishinkan,” a hospice based on the concepts of outsourcing the functions of physician from chronic and terminal care beds, and expanded it widely from urban areas to depopulated areas. By demonstrating the possibility of providing a lifestyle where people can receive medical care (recuperation) until the end of their lives, the Group has established the business field of “hospice” in the medical care industry.

Japan has had a structure where medical resources are concentrated in hospitals. Now that the transition from the conventional “hospital-based” system for acute patients to the “community-based” social security system (Community-based Integrated Care System) for maintaining and improving the functions of the elderly and patients with chronic diseases is about to be reformed, the rigidity of the system due to this structure has become a barrier to reform. The home medical care promoted to break through this situation is expected to introduce a paradigm shift in medical care by returning medical care to people's lives and bringing hospitals and communities close together.

Since its establishment in 2013, the Group has continued to propose the Ishinkan business and work on it honestly in order to meet the needs of the elderly and others who have trouble obtaining home treatment in their familiar areas. As a result, we believe that the Ishinkan business has been accepted as a platform for the Community-based Integrated Care System and “regional healthcare,” including home treatment, in the areas where we operate. In the future, as the Ishinkan business expands and develops, the role expected of the Group and its businesses is expected to become increasingly significant.

The Group's vision is to “become the world's most exciting medical and healthcare company,” and it will create the second and third businesses following the hospice “Ishinkan” business and aims to prosper for a century or more. We will continue to be a hungry challenger, looking to the future with ambition, sometimes doubting common sense and seeking innovative solutions to create essential value.

(2) Target Performance Indicators

In addition to operating income, EBITDA and those changes, which indicate the results of corporate business activities, the Group uses changes in the operating margin and the EBITDA margin as indicators of profitability, and the Group uses the shareholders’ equity ratio and the net debt / EBITDA ratio as indicators of financial stability. The Group aims to enhance corporate value in a balanced and sustainable manner. In addition, as indicators for measuring corporate value, the Group emphasizes growth in sales, operating income, profit attributable to owners of parent, and EBITDA through year-on-year increases as well as the operating margin and the EBITDA margin.

(3) Medium- to Long-Term Management Strategy of the Group

The Group’s medium- to long-term vision is based on the following.

1) Establish the hospice business (Ishinkan business) as a base of stable, long-term earnings
2) Become a leading company in the home medical and nursing care domain and create new trends in the medical and welfare fields
3) Become the world's most exciting medical and healthcare company that will prosper for 100 years and make people happy

Based on this vision, the Group has established the following medium- to long-term strategies.

1) Expand the Ishinkan Business

The Group will continue to develop the Ishinkan business aggressively.

In the regions where we operate, we aim to gain and maintain both greater trust (quality) and a higher market share (volume).

The Group's specific action policies are as follows.

a. Establishment of a robust nursing system and a headquarters-focused management system

The Group will continue to demonstrate Ishinkan's core value of "accepting patients with high medical dependency" by operating Ishinknan under a robust nursing system capable of providing a wide range of care for patients with cancer or neurological intractable diseases. In addition, the Group aims to establish its solid position as a platform for regional healthcare by maintaining a high ratio of patients who pass away in Ishinkan facilities without being transferred to hospitals. Furthermore, instead of assigning heads of facilities, staff at headquarters, primarily nurses, centrally manage all aspects of facilities, including operations, compliance and recruiting. This has enabled the Group to create an environment in which front-line staff can focus on providing service. By strengthening and enhancing the headquarters functions, the Group intends to accelerate the expansion of Ishinkan business.

b. Acceleration of the dominance formation in the Tokyo metro area

In promoting the opening and operation of Ishinkan, the Group's policy is to open mainly in Eastern Japan, where various medical resources, such as the number of long-term care beds per elderly population, tend to be low and the urgency is high.

At the same time, the Tokyo metro area is facing the problem of a rapid increase in the number of patients with high medical dependency who need to secure appropriate medical treatment facilities, along with aging population. In order to address this problem as quickly as possible, the Group will accelerate the development of its dominance formation in the Tokyo metro area.

2) Initiatives for the Regional Healthcare Revitalization project

As mentioned above, many hospitals in areas where the care is scarce face a chronic shortage of physicians, as well as operating losses, and are on the verge of closing beds or hospitals. Physicians working at these hospitals are forced to perform everything from ward management to lifesaving care with minimal staff, resulting in excessive workloads. The essence of the Ishinkan business is to boldly carve out the functions of hospitals, outsource physicians, establish a satisfactory nursing system in facilities and specialize in care for patients in chronic and terminal stages. This is a way to save physicians from excessive workloads and the existence of hospitals (hospital beds) in the region from the crisis. When Keiichi Shibahara, the founder and representative director of the Group, transitioned from a researcher to an entrepreneur, he envisioned this "essence" as one of the approaches to revitalizing regional healthcare and initially turned this directly into a business purpose. It is a system to support regional healthcare through cooperation utilizing the expertise and roles of regional medical institutions and medical personnel, and it is expected to promote further strengthening of functions by having each specialize in their roles and see medical resources used effectively and efficiently in the region.

In March 2020, the Company established Ashitano Iryo, Inc. as a consolidated subsidiary to consult on the management of medical institutions and care facilities, as a step toward resolving issues such as the operating losses and chronic shortages of physicians faced by regional healthcare, and to further focus on the regional healthcare revitalization project while creating synergies with the existing Ishinkan business. Ashitano Iryo provides comprehensive support for the management of medical institutions and care facilities. Ashitano Iryo secures funds for the operation of medical institutions and care facilities through early payment services (factoring) of medical and care fee receivables, and then advises on measures necessary for improving hospital management, such as the formation of a regional healthcare platform, conversion of wards, and organization of medical personnel, through a network of medical institutions and other organizations cultivated over many years in the Ishinkan business. In addition, we support the effective coordination of hospital admission and discharge through cooperation with Ishinkan.

Over the medium to long term, the Group is considering cooperating with medical institutions by opening Ishinkan facilities or home nursing care offices within hospital spaces. The Group is looking at strengthening cooperation in coordinating hospital admission and discharge by opening and operating Ishinkan facilities nearby hospitals, just as by reusing beds at Ishinkan Nabari. As cooperation with care facilities, the Group considers the mutual introduction of patients according to their medical dependency, support of nursing staff and care staff with know-how trained by the Group, and business transfers or M&A of care facilities that are considering withdrawal. It is the policy of the Group to work together to buffer the rapid changes in the system and mass of demand and supply for regional healthcare and to ensure the stable and sustainable operation and survival of regional healthcare.

(4) Priority Issues to be Addressed by the Group

As a platform holder that strengthens and revitalizes medical care in areas where the care is scarce and other "regional" areas, and as a pioneer, the Company aims to achieve stable and sustainable growth and long-term profits through its competitive advantage and pioneer advantage in selecting various strategies to maintain and strengthen the virtuous cycle. To this end, we will further deepen our existing Ishinkan business, improve operational efficiency, and focus on recruiting and training human resources, among other proactive measures. We believe that the issues to be addressed by the Group to achieve these goals are as follows.

(A) Implementation of sustainability management

(a) Realizing a society without regional disparities in healthcare

Ishinkan is a new-concept facility, where local physicians and others gather, based on the concepts of "outsourcing physician functions" and "sharing hospital beds." Ishinkan is also a remarkably low-cost model due to the reduction of various hospital functions. Ishinkan responds flexibly to the unique medical needs of each region, including depopulated rural areas. When opening a new facility, the Group carefully interviews local medical workers and caregivers to understand the problems in each region and works to resolve them.

In addition, because the Group outsources the physician function, establishing Ishinkan does not disperse the deployment of physicians. This is an important factor for the local medical infrastructure.

By opening and operating Ishinkan, the Group intends to help correct the disparity in medical care between regions and shorten the length of hospital stays, making Ishinkan an indispensable platform for regional healthcare.

(b) Achieving operations in harmony with nature

As part of the Group's resource conservation activities, it promotes paperless operations and use cloud-based systems for accounting and electronic contracts. The Group is also working to comply with the Electronic Bookkeeping Law.

The Group keeps working to reduce food waste. For example, the Group has introduced a cook-chill system for meals served at our facilities, which makes it easier to prepare meals in just the amounts needed.

To address climate change, the Group is working toward carbon neutrality. The Group is making its CO2 emissions visual as part of its aim to achieve zero emissions by 2050. To reduce CO2 emissions, the Group switches off lights frequently and manages air conditioning in each area.

(c) Building a workplace that invigorates all workers

To maximize the strength of the organization, the Group respects individuals with diverse backgrounds. For example, the Group directly employs people with disabilities. In addition, the Group aims to maximize women's abilities by increasing the percentage of female members of the Management Meeting to 50%. The percentage of women among employees already accounts for approximately 85%, and they play an active role. Through these initiatives, the Group provides equal opportunities for compensation, education, and promotion without regard to gender, nationality, disability, or other factors.

The Group provides a workplace that serves as a reserve for potential nurses by providing an environment where nurses of all ages can work according to their life stage, and making nurses play active roles outside of Ishinkan facilities such as the nursing and care department at the headquarters, the regional liaison department, the compliance department, and the recruitment department.

Furthermore, as part of its efforts to create a comfortable workplace the Group fosters a work-life balance by utilizing remote working and flextime systems, develops the follow-up systems such as surveys and interviews to listen to its employees and implements initiatives for skill development such as subsidizing tuition and exam fees to help employees acquire necessary certifications.

(d) Earning further trust from society and local communities

To maintain the trust of society and local communities, the Group works to enhance its corporate ethics and ensures compliance with laws and regulations. Specifically, the Nomination and Compensation Committee and the Special Committee have been established separately from the Board of Directors, the Audit & Supervisory Board, and the Management Meeting. The Nomination and Compensation Committee is an advisory body to the Board of Directors to enhance corporate governance by strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors. The Special Committee is a body to ensure the fairness and reasonableness regarding the appropriateness of the terms and conditions of transactions occurring with the controlling shareholders, and to protect the interests of the minority shareholders.

In terms of compliance, the Group conducts training to ensure compliance with legal standards and training to improve the quality of work, as well as insider-related training provided upon joining the Group. In addition, the Group strives to create an organization where employees feel free to discuss problems and concerns by establishing a hotline system. Also the Group has established the “basic policy against antisocial forces” to eliminate any relationship with antisocial forces, and is acting company-wide in accordance with this policy.

(B) Expansion of the Ishinkan business

The Group will continue to aggressively develop the Ishinkan business and aim to earn and maintain greater trust in the regions where it operates. Under its medium- to long-term plan, “Amvis 2025,” the Group plans to further expand the scale of the Ishinkan business by opening new facilities in parallel in the Tokyo metro area, where demand is high, and in regional cities, where barriers to entry are high. As a result, the Group plans to expand the scale of the business at a level that exceeds the medium- to long-term targets set in “Amvis 2023”.

(C) Basic policy and review of business portfolio

The Group currently consists of a single business segment, the Ishinkan business, and the Group’s performance is strongly influenced by this market environment. While seeking to generate synergies with the Ishinkan business, the Group is working to diversify its business portfolio at Ashitano Iryo, Inc., a consolidated subsidiary that offers consulting and other services related to the management of medical institutions and care facilities, and is focusing on measures to avoid being overly affected by the specific environment.

(D) Ensuring financial soundness

In order for the Group to continue to operate and develop the Ishinkan business on a sustainable basis, it is essential to maintain financial soundness. Therefore, the Group will work to strengthen its financial base by steadily building up retained earnings, generating cash flow, and managing interest-bearing debt.

(5) Response to COVID-19 Pandemic

The Group has established an Infection Control Team (ICT), consisting of nurses with specialist knowledge, in the nursing and care department at headquarters, which supports the operation of Ishinkan facilities. ICT is responsible for formulating policies to deal with COVID-19, preparing manuals, providing instructions and education to employees of all facilities, and providing a 24-hour consultation service. The Group has established a top-down system that does not leave the consideration and decision-making of response policies to front-line staff. In addition, the Group has hired more employees than normal and is working to secure sufficient protective materials such as surgical masks and face shields, as well as alcohol-based disinfectants. Considering the possibility of further prolonged impact and re-spreading of the disease, the Group will continue to implement timely and appropriate measures to counter the spread of COVID-19.

2. Business and Other Risks

The following is a list of the main items regarding the “Status of Business” and “Status of Accounting” in this document that are considered potential risk factors in developing the Group’s business. In addition, matters that do not necessarily fall under the category of business risks, but are considered important for making investment decisions or for understanding the Group’s business activities, are described from the perspective of proactively disclosing information to investors.

The Group is aware of the possibility of the occurrence of these risks and has a policy of working to avoid or reduce these risks and to take action in the event that they do occur and believes that investment decisions regarding the Company’s shares and others should be made after careful consideration of the contents of this section and other sections.

Forward-looking statements in the text are based on the judgment of the Group as of the date of submission of the annual securities report, but the following statements do not cover all the risks associated with the Group’s business and other activities and investment in its shares. In addition, due to the inherent uncertainties, actual results may differ.

(1) Risks Related to the Opening of New Facilities

When the Group selects an area to open an Ishinkan facility, it takes sufficient time to conduct multifaceted market research. In addition, in order to prevent our staff from proceeding with a project at their own discretion, in principle, we have multiple staff in various positions, from general employees to management. In real estate development, demand is prioritized in good locations, not only in the medical and nursing care industries. Hence, there are times when we are unable to secure in a good location due to competition with other companies in the same or other industries, times when we are unable to open due to various regulations by local governments, and times when various factors occur, such as force majeure events like typhoons or heavy snowfall during the construction period, unpredictable factors such as changes in business sentiment or various market conditions, or changes in supply and demand. These are uncertainties about the feasibility of opening plans. In the event of a delay in opening a new facility or a significant deviation from the business plan for any reason, including the uncertainties described here, the Group may lose profit opportunities, which may affect the Group’s performance, profit plan and financial position.

(2) Risks Related to the Securing, Training and Management of Human Resources

In order for the Group to stably and sustainably develop the scale, scope, and content of its business, it is necessary to secure and develop human resources that are appropriate for the business. In particular, the Ishinkan business is strong in its number (structure) of nursing staff, and the securing and training of appropriately qualified personnel is the foundation of the business. In addition, it is necessary to manage these personnel as management resources in order to use them effectively and efficiently. The more the Ishinkan is developed, the more advantageous it becomes to secure human resources. However, the chronic shortage of human resources in the medical and nursing care industries and the subsequent intensification of competition for job openings is a negative environmental factor. The Group uses recruiting websites and media (as do other companies), but we do not use them continuously and carelessly. We are constantly examining their effectiveness and actively recruiting to reduce the risk that we will not secure the quality of personnel we need. However, in the unlikely event that such a risk should arise, it could have the effect of reducing the scale of service provision at existing facilities or postponing the opening of new facilities, which could impact the Group’s business results and financial position.

(3) Risks Related to Dependence on a Specific Person

Representative Director Keiichi Shibahara, the founder and a major shareholder of the Group, has been deeply involved in the Group’s business since its establishment and has played an important role in establishing and implementing the Group’s management strategy. He also holds 72.09% (including the shares held by IDEA Capital of which he holds all shares) of the total number of issued shares of the Company (excluding treasury shares).

The Group is working to establish a management structure that does not rely excessively on a specific person, but if for some reason it becomes challenging for Mr. Shibahara to perform his duties for the Group, the Group’s business performance and financial position could be affected.

(4) Risks Related to Natural Disaster, Mass Infections and Accidents

The Group is taking measures to develop a crisis management system to prepare for emergencies. However, the Group faces risk from natural disasters such as typhoons, earthquakes, and tsunamis, as well as mass infections such as COVID-19 and food poisoning that are unique to complexes that house elderly and disabled patients with high medical dependency. The Group also faces the risk of fire and other potentially life-threatening accidents. At the Group’s Ishinkan facilities, the handling of flammable materials is prohibited in principle. Meals are pre-cooked (chilled meals) and served hot to reduce the risk of fire. In addition, based on the health management of users and employees, we encourage hand washing and hand disinfection daily, hold regular in-house training sessions to learn about the prevention, spread, and response to infectious diseases, and maintain manuals to reduce the risk of food poisoning and mass infections. In addition to these measures, we pay close attention to the safety management of users by preparing for earthquakes, windstorms and floods, and creating a security environment. However, in the event of a natural disaster, mass infection, or accident of a larger-than-expected scale that causes long-term difficulties in the operation of such facilities, the Group may be held accountable for its management, which may affect the facilities concerned and the Group's business results and financial position.

(5) Risks Related to Legal Restrictions on Business

The Group’s Ishinkan business mainly provides medical and nursing care services based on the Act on Social Welfare for the Elderly, the Elderly Housing Act, the Health Insurance Law, the Long-Term Care Insurance Law, the Law for Comprehensive Support of Persons with Disabilities, and other laws, and is subject to regulation under these laws and related regulations. The Group’s revenue structure is dependent on insurance income, which accounts for approximately 90% of net sales.

The health insurance system and the long-term care insurance system are subject to biennial and triennial reviews of the overall system and reconfiguration of fee, and the direction of the social security system and medical and long-term care welfare policies is set at the time of the simultaneous revisions every six years. Therefore, in this business, where the ratio of medical insurance income and long-term care insurance income is high, there are revisions to laws and regulations, systems, and fee, etc., and if there is anything adverse to management, it could affect the Group’s business results and financial position.

(6) Risks Related to Designation, Required for Business

The “Ishinkan business” conducted by the Group is a business that receives various designations, (Table 2) from prefectural governors or mayors of ordinance-designated cities for each facility. In particular, the home nursing care business (medical insurance fees and nursing care insurance fees) and the home care business (nursing care insurance fees) account for 90% of total sales of the Group, thus the Group’s business performance and financial position could be severely affected for the reasons described below in the event of the cancellation of designations and other permits.

The grounds for revocation of licenses and approvals are outlined in the applicable laws, and the main details are as follows.

Fraudulent billing:	Billing for services that are not provided, billing for additional services that are not provided
Violation of personnel standards:	Operation by insufficient personnel, provision of services by unqualified personnel, and recording by non-existent staff Creation, the falsehood of working hours
Violation of operating standards:	Failure to maintain records, failure to prepare plans, failure to explain important matters and plans
False reports:	Submission of documents or answers that are not true in notifications or reports to local authorities or response to on-site guidance

If a particular facility of the Group receives a revocation of its license or approval, it will no longer claim care fees for that facility and will be prohibited from opening a new office at that facility for five years. Furthermore, if it is judged that the entire corporation is involved (systematically) in the revocation case, the new designation or renewal of the license of the corporation concerned may be denied. If a license or approval is revoked for even a single business site, the corporation (the Group) will be judged to have committed a fraudulent or extremely unfair act and will not be able to receive a new designation or renewal of designation for five years. Since businesses based on the Long-Term Care Insurance Law and other laws require that designation be renewed every six years, the revocation of a license or approval for even a single business location will result in the suspension of new facility development and the withdrawal of most existing facilities without renewal, forcing the Group to withdraw from the Ishinkan business.

Table 2. Names of Services Provided in the Ishinkan business and the Laws on Which They are Based

a. Home-based services

Service name	Basic legal foundation	Main reasons for revocation of licenses and approvals
Home nursing care Home nursing care for preventive long-term care	Nursing Care Insurance Law (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. Prefectures, ordinance-designated cities, and core cities have the right to designate projects. Health Insurance Law (Ministry of Health, Labour and Welfare) When a business is designated under the Long-Term Care Insurance Law, it is deemed to have been designated under the Health Insurance Law, and therefore the validity period is the same as the validity period of the designation under the Long-Term Care Insurance Law. The local health and welfare bureau is the designation authority for the project.	Home nursing care Article 77 of the Long-Term Care Insurance Law (Cancellation of Designation, etc.) Home nursing care for preventive long-term care Article 115-9 of the Long-Term Care Insurance Law (Cancellation of designation, etc.)
Home care In-home care support	Nursing Care Insurance Law (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. Prefectures, ordinance-designated cities, and core cities are the designating authorities of the businesses. Regarding in-home care support, the designating authority is the municipality from April 2018.	Home care Article 77 of the Long-Term Care Insurance Law (Cancellation of designation, etc.) In-home care support Article 84 of the Long-Term Care Insurance Law (Cancellation of designation, etc.)
Preventive long-term care and comprehensive livelihood support project	Nursing Care Insurance Law (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. The municipality has the right to designate the service.	Article 115-45-9 of the Long-Term Care Insurance Act (Cancellation of Designation of Designated Business Operator, etc.)
In-home care Intensive home care	Law for Comprehensive Support of People with Disabilities (Ministry of Health, Labour and Welfare) The designation is valid for six years and must be renewed every six years thereafter. Prefectures, ordinance-designated cities, and core cities have the right to designate projects.	Article 50 of the Law for Comprehensive Support of People with Disabilities (Cancellation of Designation, etc.)

b. Facility-based services

Service name	Basic legal foundation	Main reasons for revocation of licenses and approvals
Residential type nursing home	Welfare Act for the Elderly (Ministry of Health, Labour and Welfare) This is a notification system, and there is no set validity period after notification. Prefectures, ordinance-designated cities, and core cities are the reporting entities.	Article 29, Paragraph 14 of the Elderly Welfare Act (Notification, etc.) There is a provision regarding the restriction or suspension of business.
Residences for the elderly with service	The Elderly Housing Act (Ministry of Land, Infrastructure, Transport and Tourism) The registration is valid for five years and must be renewed every five years thereafter. Prefectures, ordinance-designated cities, and core cities are eligible for registration.	Article 26 of the Elderly Housing Act (Cancellation of registration)

When opening a new facility, the Group fully explains the business it will conduct in prior consultations and discussions with the local government of the planned site. If the local government guides standards for facilities and personnel, the Group responds to that guidance before beginning preparations for the opening. Even after opening a facility, the Group operates the facility in compliance with laws, regulations, standards, and guidance.

As of the date of submission of the annual securities report, there has been no revocation of designation or suspension of business at any offices. However, if these designations are revoked, or operations are suspended for some reason in the future, the Group’s business and earnings could be affected.

(7) Risks Related to Information Management

The Ishinkan business is characterized by the fact that it handles information on many users, including information that requires even stricter management, such as medical history and treatment conditions. In addition, the Group’s administrative divisions hold various internal information, including management information. The Group is working to reduce the risk of information leaks by educating employees on information management, requiring employees (including retired employees) to submit written oaths of confidentiality, classifying the areas where such information is handled, and restricting access to servers and disks. However, in the unlikely event of an information leak, the Group could lose the public’s trust or incur costs related to the payment of compensation for damages, the development of systems, and system upgrades, which could affect the Group’s business results and financial position.

(8) Risk Related to Long-Term Lease Contracts

In the Ishinkan business, land or buildings, or both, are leased from their respective owners to be used as facilities. Although investment risk is controlled by the lease, restrictions on withdrawal are imposed for a certain period, and if this is violated, penalties such as those resulting from mid-term termination are paid. Due partly to guidance from local governments regarding the establishment of nursing homes, it is common to conclude long-term lease contracts of 20 to 30 years. In addition, it is possible that the corporation or individual that owns the land or building may go bankrupt or fall into other circumstances, making it difficult to continue using the property or to collect the deposit. The Group strives to mitigate this risk by setting terms and conditions in contracts and by maintaining close communication with owners after the opening of facilities to detect signs of changes in the situation at an early stage. The aforementioned situation could have an impact on the Group’s performance and financial position.

(9) Risks Related to the Impairment of Fixed Assets (Land, Buildings and Structures, and Leased Assets)

Due to the nature of its business of providing medical and nursing care services, the Group is required to secure destinations for patients after withdrawal and maintain relationships with medical institutions and government agencies. Immediate withdrawal may be challenging when business profitability declines, and the Group may have to continue to operate at low levels of profitability. Hence, the Group thoroughly manages the profitability of each facility to avoid impairment losses, and takes proactive measures if any facility is not profitable. As of the end of the current consolidated fiscal year and the end of the fiscal year, the Group and the Company respectively have not recognized any indications of impairment. However, in the unlikely event of an increase in unprofitable facilities or closures, a large amount of impairment loss could be incurred, which could affect the Group’s performance and financial position.

(10) Risks Related to M&A

The Group believes that it is possible to complement and strengthen its business by conducting M&A (acquisition of subsidiaries, business acquisitions, etc.) of other companies in the same or other industries. Thus, we strive to reduce risk as much as possible by taking sufficient time to collect, analyze, scrutinize, and review the information necessary for decision-making, including the status of the target company and target business, as well as financial, tax, legal, operational, and other due diligence. However, the Group’s business performance and financial position could be affected if matters that the Group was not aware of in advance are uncovered, or problems are revealed after an M&A transaction is implemented, or if, for some reason, the management or development of the acquired company or business does not proceed as planned.

(11) Compliance-Related Risks

The Group considers compliance with laws and regulations and acting with integrity based on ethics to be one of its most important management issues in operating Ishinkan business. This is because the trust and reputation of the people involved in the Ishinkan business, including patients, their families, neighboring residents, local medical institutions, home healthcare physicians, pharmacists, care managers, and various business partners, significantly impacts the business. In addition to the laws and regulations directly related to the conduct of business, all officers and employees of the Group (which strives to act as a socially responsible company) work to ensure awareness of and compliance with all laws and regulations, so that they do not deviate from laws and ethics. Additionally, the Group has established and operates an internal reporting system to deter internal improprieties.

In addition, in recent years, there have been several cases in which unethical and inappropriate behavior on social networking services (SNSs) by employees of other companies has resulted in a loss of public trust in the company, the filing of lawsuits, and disciplinary action by regulatory authorities. Accordingly, the Group seeks to raise awareness by providing education and training when employees join the Group and periodically thereafter.

In the unlikely event that the Group faces a compliance problem, the Group's business performance and financial position could be affected. The Group could experience legal or regulatory punishment, become the target of a lawsuit, or lose public trust.

(12) Other Risks

In addition to the above, there is the risk that the Group may incur direct or indirect costs, or both, due to criminal acts by outside parties, inadequate administrative procedures, or other factors, which may hinder the proper operation of facilities or the development of business, or result in the suspension of business due to administrative sanctions. In addition, there is the risk that the Group may lose public trust. The Group's business performance and financial position may be affected in such cases.

3. Management's Discussion and Analysis of Financial Position, Operating Results, and Cash Flows

(1) Summary of Business Results

The following is a summary of the recognition, analysis, and discussion of the status of the Group's financial position, operating results, and cash flows (hereinafter referred to collectively as "operating results") from the perspective of management. Forward-looking statements in this document are based on judgments made as of the date of submission of the annual securities report.

1) Financial position

Assets, Liabilities, and Net Assets

(Assets)

Total assets as of September 30, 2022 were 41,767 million yen, an increase of 9,845 million yen from September 30, 2021. This is attributable mainly to increases of 1,514 million yen in accounts receivable due to the increase in revenue, and 7,378 million yen in property, plant and equipment and 568 million yen in leasehold and guarantee deposits in line with opening new facilities.

(Liabilities)

Total liabilities as of September 30, 2022 were 21,308 million yen, an increase of 5,727 million yen from September 30, 2021. This is attributable mainly to increases of 3,743 million yen in borrowings and 942 million yen in lease obligations in line with opening new facilities, 421 million yen in accounts payable - other and accrued expenses due to the business expansion.

(Net Assets)

Net assets as of September 30, 2022 were 20,458 million yen, an increase of 4,117 million yen from September 30, 2021. This is attributable mainly to increases of 4,279 million yen in retained earnings reflecting profit attributable to owners of parent despite a decrease of 218 million yen in retained earnings due to the payment of dividends.

2) Operating Results

During the fiscal year ended September 30, 2022, the Japanese economy remained unstable due to the emergence of COVID-19 variants and the rapid spread of infection, despite expectations of economic recovery because of the easing of restrictions on economic activities following the rollout of vaccinations. In addition, business environment was challenging as a result of price hikes on resources and raw materials caused by supply chain disruptions stemming from prolonged tensions in Ukraine and the ongoing depreciation of the yen.

In the nursing care industry, more and more nursing care providers struggled to manage their businesses due to the increased burden caused by strengthening infection control measures and energy price hikes. As a result, the number of bankruptcies among nursing care providers, which was low in 2021 due to COVID-19-related support measures and the positive revision of care fees, increased to the same level as before 2021 during the period from January to June 2022. Regarding COVID-19, although the spread of the seventh wave of infections during the summer peaked, the situation continues to be unpredictable.

In this environment, despite COVID-19, the Group views this as a year in which the Group further solidified its position as a pioneer in the hospice business by establishing a robust nursing system and a headquarters-focused management system. In addition, the Group accelerated the development of its dominance formation in the Tokyo metro area. The Group opened 16 new facilities, exceeding the initial plan, and many people used the Ishinkan facilities.

During the current fiscal year, the Group opened 16 new facilities, and the number of Ishinkan facilities reached 58 with capacity of 2,802 beds as of the end of September 2022. Utilization rates remained at high levels, particularly thanks to the strong start-up of new facilities. As a result, the Group's operating results for the current fiscal year were as follows: net sales of 23,072 million yen (+ 50.5% from the previous fiscal year), operating profit of 6,132 million yen (+ 62.0%), ordinary profit of 6,060 million yen (+ 60.4%), and profit attributable to owners of parent of 4,279 million yen (+ 62.9%).

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022	Change	Percentage change
Net sales	15,334	23,072	7,737	50.5%
Operating profit (Operating margin)	3,784 (24.7%)	6,132 (26.6%)	2,347	62.0%
Ordinary profit (Ordinary margin)	3,779 (24.6%)	6,060 (26.3%)	2,281	60.4%
Profit attributable to owners of parent (Net margin)	2,627 (17.1%)	4,279 (18.5%)	1,652	62.9%

(Net sales)

Net sales for the current consolidated fiscal year were 23,072 million yen, an increase of 7,737 million yen from the previous consolidated fiscal year. This increase was mainly due to the opening of 16 new Ishinkan facilities and the start of service provision, which generated medical insurance income and care insurance income.

(Cost of sales, Gross profit)

Cost of sales for the current consolidated fiscal year was 13,385 million yen, an increase of 4,355 million yen from the previous consolidated fiscal year. This was mainly due to salary allowances for facility employees hired in conjunction with opening new Ishinkan facilities. As a result, gross profit amounted to 9,686 million yen.

(Selling, general and administrative expenses, Operating Income)

Selling, general and administrative expenses for the current consolidated fiscal year were 3,554 million yen, an increase of 1,034 million yen from the previous consolidated fiscal year. This was mainly due to an increase in the cost of hiring facility employees as a result of the opening of new Ishinkan facilities and the cost of hiring and salary allowances for facility clerks, regional collaboration department employees, and head office employees hired in conjunction with the expansion of the scale of operations. As a result, operating income totaled 6,132 million yen.

(Non-operating income, Non-operating expenses, Ordinary profit)

Non-operating income for the current consolidated fiscal year totaled 161 million yen, a decrease of 3 million yen from the previous consolidated fiscal year. This was mainly due to an increase in subsidy income to improve care worker compensation, despite a decrease in subsidy income related to COVID-19. Non-operating expenses for the current consolidated fiscal year were 233 million yen, an increase of 63 million yen from the previous consolidated fiscal year. This was mainly due to an increase in interest expenses related to borrowings and lease obligations resulting from the opening of new Ishinkan facilities. As a result, ordinary profit totaled 6,060 million yen.

(Profit attributable to owners of parent)

Total income taxes for the current consolidated fiscal year were 1,780 million yen, and as a result, profit attributable to owners of parent was 4,279 million yen.

3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis as of September 30, 2022 stood at 11,342 million yen, an increase of 150 million yen from September 30, 2021. Cash flows for the period and the factors contributing to increases or decreases in cash flows are described below.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year ended September 30, 2022 was 4,415 million yen, versus 2,584 million yen for the fiscal year ended September 30, 2021. This is attributable mainly to profit before income taxes of 6,060 million yen, depreciation of 828 million yen, and increase in accounts payable - other and accrued expenses of 445 million yen, despite income taxes paid of 1,791 million yen and an increase in accounts receivable of 1,514 million yen.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year ended September 30, 2022 was 7,751 million yen, versus 5,780 million yen for the fiscal year ended September 30, 2021. This reflected mainly purchase of property, plant and equipment of 7,118 million yen and payments of leasehold and guarantee deposits of 583 million yen in conjunction with the opening of new facilities.

(Cash flows from financing activities)

Net cash provided by financing activities for the fiscal year ended September 30, 2022 was 3,486 million yen, versus 11,052 million yen for the fiscal year ended September 30, 2021. This is attributable mainly to proceeds from long-term borrowings of 4,573 million yen in conjunction with the opening of new facilities, despite repayments of long-term borrowings of 1,209 million yen.

4) Production, Orders, and Sales Results

The Group’s segment is a single segment consisting solely of the Ishinkan business.

a. Production results

Since the Group does not engage in production activities, there is no applicable information.

b. Orders received

Since the Group does not manufacture products on a build-to-order basis, there is no applicable information.

c. Sales performance

Sales in the current consolidated fiscal year totaled 23,072 million yen (excluding consumption tax, etc.). Segment information is omitted because the Group operates in a single business segment, the Ishinkan business. Sales performance by major customers and its percentage are as follows.

Customer	Fiscal year ended September 30, 2021		Fiscal year ended September 30, 2022	
	Sales (million yen)	Percentage of total sales (%)	Sales (million yen)	Percentage of total sales (%)
Kanagawa National Health Insurance Federation	3,130	20.4	4,490	19.5
Saitama National Health Insurance Federation	1,508	9.8	2,457	10.7
Social Insurance Medical Fee Payment Fund	1,720	11.2	2,422	10.5

5) Sources of Capital and Liquidity of funds

The main capital needs of the Group are funds for the establishment of new facilities (acquisition of land and buildings, etc.) and working capital. Working capital mainly consists of personnel expenses for employees of the facilities, which are recorded as cost of sales, and others. Funds for opening new facilities are borrowed from financial institutions and procured from the market, and working capital is basically its own funds. As for borrowings, we conclude overdraft agreements with the financial institutions we do business with to secure liquidity, set appropriate levels of cash in hand, and maintain a balance between long-term and short-term funds in order to maintain financial soundness. In general, the Group’s basic policy is to stably secure the liquidity and sources of funds necessary for business operations. The balance of cash and cash equivalents at the end of the current consolidated fiscal year was 11,342 million yen, and the Group recognizes that it has secured the necessary liquidity for business operations.

6) Management's Awareness of Issues and Future Policies

For details on management's awareness of the issues and future policies, please refer to "1. Management Policy, Management Environment, and Issues to Be Addressed."

7) Significant Accounting Estimates and Assumptions Used in Making Such Estimates

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Japan. Significant accounting policies are described in "E: Status of Accounting, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes (Significant Basis for the Preparation of Consolidated Financial Statements)." In preparing the consolidated financial statements, certain estimates are made by management within the scope of certain accounting standards and are reflected in the reported amounts of assets and liabilities and revenues and expenses. These estimates are evaluated on an ongoing basis and reviewed as necessary. However, because estimates are subject to uncertainty, actual results may differ from these estimates.

4. Important Management Contracts

Not applicable.

5. Research and Development Activities

Not applicable.

C: Status of Facilities

1. Summary of Capital Expenditures

The total amount of capital expenditures for the fiscal year ended September 30, 2022 was 6,057 million yen (based on the principal accounts received excluding construction in progress, including intangible assets, but excluding capitalized amounts of leased assets and removal costs corresponding to asset retirement obligations). This mainly resulted from the purchase of buildings and land in conjunction with opening new 16 facilities. There were no significant disposals or sales of facilities, except for disposals for the renewal of recurring facilities.

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

2 Status of Major Facilities

(1) Submitting Company

As of September 30, 2022

Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
		Buildings and structures	Land (m^2)	Others	Total	
Ishinkan Utsunomiya (Utsunomiya, Tochigi Prefecture)	Ishinkan buildings and others	277	-	0	278	38(6)
Ishinkan Niigata (Chuo-ku, Niigata, Niigata Prefecture)	Ishinkan buildings and others	229	-	0	230	36(8)
Ishinkan Kitakami (Kitakami, Iwate Prefecture)	Ishinkan land, buildings and others	274	46 (1,515)	0	320	39(9)
Ishinkan Mito (Mito, Ibaraki Prefecture)	Ishinkan buildings and others	305	-	1	306	42(6)
Ishinkan Sendai Nagamachi (Taihaku-ku, Sendai, Miyagi Prefecture)	Ishinkan land, buildings and others	238	479 (2,024)	-	717	44(4)
Ishinkan Hachinohe (Hachinohe, Aomori Prefecture)	Ishinkan buildings and others	226	-	0	227	45(8)
Ishinkan Niigata II (Chuo-ku, Niigata, Niigata Prefecture)	Ishinkan buildings and others	313	-	0	314	39(7)
Ishinkan Kawagoe (Kawagoe, Saitama Prefecture)	Ishinkan buildings and others	457	-	-	457	43(7)
Ishinkan Shonandai (Fujisawa, Kanagawa Prefecture)	Ishinkan buildings and others	596	-	1	598	46(8)
Ishinkan Nagano (Nagano, Nagano Prefecture)	Ishinkan land, buildings and others	250	96 (1,671)	0	348	39(4)
Ishinkan Odawara (Odawara, Kanagawa Prefecture)	Ishinkan land, buildings and others	388	138 (1,636)	0	528	38(7)
Ishinkan Kyodo (Setagaya-ku, Tokyo)	Ishinkan buildings and others	452	-	0	452	46(2)
Ishinkan Nagareyama Otakanomori (Minami Nagareyama, Chiba Prefecture)	Ishinkan buildings and others	602	-	0	602	38(5)

Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
		Buildings and structures	Land (m^2)	Others	Total	
Ishinkan Akita (Akita, Akita Prefecture)	Ishinkan buildings and others	370	-	0	371	25(2)
Ishinkan Yokkaichi II (Yokkaichi, Mie Prefecture)	Ishinkan buildings and others	253	-	0	253	33(1)
Ishinkan Kanazawabunko (Kanazawa-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	845	-	3	849	61(9)
Ishinkan Yamagata II (Yamagata, Yamagata Prefecture)	Ishinkan land, buildings and others	252	98 (1,464)	-	350	37(3)
Ishinkan Soga (Chuo-ku, Soga, Chiba Prefecture)	Ishinkan buildings and others	456	-	4	460	36(4)
Ishinkan Hamamatsu (Naka-ku, Hamamatsu, Shizuoka Prefecture)	Ishinkan buildings and others	298	-	1	300	30(5)
Ishinkan Fukushima (Fukushima, Fukushima Prefecture)	Ishinkan land, buildings and others	304	211 (2,572)	0	515	28(8)
Ishinkan Kashiwa (Kashiwa, Chiba Prefecture)	Ishinkan buildings and others	597	-	1	598	40(3)
Ishinkan Koshigaya (Koshigaya, Saitama Prefecture)	Ishinkan buildings and others	410	-	0	410	40(5)
Ishinkan Aomori (Aomori, Aomori Prefecture)	Ishinkan land, buildings and others	313	79 (1,792)	0	393	36(4)
Ishinkan Ageo (Ageo, Saitama Prefecture)	Ishinkan buildings and others	340	-	-	340	36(5)
Ishinkan Yamato (Yamato, Kanagawa Prefecture)	Ishinkan buildings and others	453	-	1	455	31(5)
Ishinkan Joetsu (Joetsu, Niigata Prefecture)	Ishinkan buildings and others	347	-	-	347	37(2)
Ishinkan Tsukuba (Tsukuba, Ibaraki Prefecture)	Ishinkan buildings and others	381	-	0	382	33(2)
Ishinkan Minami-Nagareyama (Nagareyama, Chiba Prefecture)	Ishinkan buildings and others	482	-	0	483	28(1)
Ishinkan Shizuoka (Suruga-ku, Shizuoka, Shizuoka Prefecture)	Ishinkan buildings and others	403	-	0	404	30(2)
Ishinkan Niigata III (Higashi-ku, Niigata, Niigata Prefecture)	Ishinkan land, buildings and others	286	152 (1,616)	0	438	27(1)

Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
		Buildings and Structures	Land (m^2)	Others	Total	
Ishinkan Inage (Inage-ku, Chiba, Chiba Prefecture)	Ishinkan buildings and others	550	-	3	553	27(0)
Ishinkan Hirosaki (Hirosaki, Aomori Prefecture)	Ishinkan land, buildings and others	337	102 (2,181)	0	440	22(0)
Ishinkan Chiba ekimae (Chuo-ku, Chiba, Chiba Prefecture)	Ishinkan buildings and others	778	-	3	781	12(0)
Ishinkan Higashi Sapporo (Shiroishi-ku, Sapporo, Hokkaido Prefecture)	Ishinkan buildings and others	548	-	0	549	9(0)
Ishinkan Yokohama Nakayama (Midori-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	582	-	1	583	15(0)

(Notes) 1. There are no major facilities that are currently idle.

2. Except for non-deductible consumption taxes on PP&E that are included as part of the PP&E value, consumption taxes are not included in the above amounts.

3. "Land" includes only land owned by the Company.

4. "Others" includes "tools, furniture and fixtures" and "intangible assets".

5. The land, buildings and others of the above offices are owned by the submitting company, but the employees of consolidated subsidiary Amvis, Inc. work there, and the number of employees working there is as shown above. The average number of temporary employees (including part-timers and temporary employees, excluding temporary employees dispatched from personnel agencies) for the year (converted to eight hours per day) is shown in parentheses.

6. In addition to the above, the Company leases some buildings and land from parties other than consolidated companies, and the annual rent is 709 million yen.

(2) Domestic Subsidiaries

As of September 30, 2022

Company name	Office name (Location)	Details of equipment	Book value (million yen)				Number of employees (people)
			Buildings and structures	Leased assets	Others	Total	
Amvis, Inc.	Ishinkan Honjin (Nakamura-ku, Nagoya, Aichi Prefecture)	Ishinkan buildings and others	1	86	0	88	17(9)
Amvis, Inc.	Ishinkan Minami Urawa (Minami-ku, Saitama, Saitama Prefecture)	Ishinkan buildings and others	8	244	0	253	23(13)
Amvis, Inc.	Ishinkan Yokohama Tateba (Izumi-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	2	372	1	375	38(10)
Amvis, Inc.	Ishinkan Narimasu (Itabashi-ku, Tokyo)	Ishinkan buildings and others	23	374	1	398	40(6)
Amvis, Inc.	Ishinkan Higashi Totsuka (Totsuka-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	14	544	2	562	42(8)
Amvis, Inc.	Ishinkan Kita Urawa (Urawa-ku, Saitama, Saitama Prefecture)	Ishinkan buildings and others	1	423	2	427	32(11)
Amvis, Inc.	Ishinkan Yamagata (Yamagata, Yamagata Prefecture)	Ishinkan buildings and others	1	278	1	280	33(6)
Amvis, Inc.	Ishinkan Utsunomiya II (Utsunomiya, Tochigi Prefecture)	Ishinkan buildings and others	-	299	1	300	39(5)
Amvis, Inc.	Ishinkan Shin-Yokohama (Kohoku-ku, Yokohama, Kanagawa Prefecture)	Ishinkan buildings and others	20	368	1	389	36(5)
Amvis, Inc.	Ishinkan Honatsugi (Atsugi, Kanagawa Prefecture)	Ishinkan buildings and others	1	529	1	532	44(6)
Amvis, Inc.	Ishinkan Mizue (Edogawa-ku, Tokyo)	Ishinkan buildings and others	-	489	1	491	33(4)
Amvis, Inc.	Ishinkan Higashi Omiya (Minuma-ku, Saitama, Saitama Prefecture)	Ishinkan buildings and others	4	509	2	516	40(5)

(Notes) 1. There are no major facilities that are currently idle.
2. Except for non-deductible consumption taxes on PP&E that are included as part of the PP&E value, consumption taxes are not included in the above amounts.
3. “Others” includes “machinery, equipment and vehicles,” “tools, furniture and fixtures” and “intangible assets”.
4. The average number of temporary employees (including part-timers and temporary employees, but excluding temporary employees dispatched from personnel agencies) for the year (converted to eight hours per day) is shown in parentheses.
5. In addition to the above, Amvis leases some buildings and land from parties other than consolidated companies, and the annual rent is 450 million yen.

3. Plans for the Installation and Disposal of Facilities

(1) New installation of major facilities

Company name	Office name (Location)	Facilities	Planned investment		Funding method	Starting date	Scheduled start of operation	Resulting capacity increase
			Total amount (million yen)	Amount already paid (million yen)				
Amvis Holdings Inc.	Ishinkan Sengawa (Chofu, Tokyo)	Ishinkan buildings and others	509	349	Own funds and borrowings	October 2021	November 2022	47 beds
Amvis Holdings Inc.	Ishinkan Fuji (Fuji, Shizuoka Prefecture)	Ishinkan buildings and others	331	258	Own funds and borrowings	January 2022	November 2022	52 beds
Amvis Holdings Inc.	Ishinkan Kasukabe (Kasukabe, Saitama Prefecture)	Ishinkan buildings and others	311	201	Own funds and borrowings	March 2022	December 2022	52 beds
Amvis Holdings Inc.	Ishinkan Numazu (Numazu, Shizuoka Prefecture)	Ishinkan buildings and others	369	260	Own funds and borrowings	January 2022	December 2022	52 beds
Amvis Holdings Inc.	Ishinkan Tsurugashima (Tsurugashima, Saitama Prefecture)	Ishinkan buildings and others	293	149	Own funds and borrowings	February 2022	February 2023	45 beds
Amvis Holdings Inc.	Ishinkan Tsukuba II (Tsukuba, Ibaraki Prefecture)	Ishinkan buildings and others	345	81	Own funds and borrowings	August 2022	April 2023	46 beds
Amvis Holdings Inc.	Ishinkan Fujisawa (Fujisawa, Kanagawa Prefecture)	Ishinkan buildings and others	554	177	Own funds and borrowings	May 2022	April 2023	54 beds
Amvis Holdings Inc.	Ishinkan Yagoto Minamiyama (Showa-ku, Nagoya, Aichi Prefecture)	Ishinkan buildings and others	930	267	Own funds and borrowings	February 2022	April 2023	54 beds
Amvis Holdings Inc.	Ishinkan Sakura (Sakura, Chiba Prefecture)	Ishinkan buildings and others	392	194	Own funds and borrowings	February 2022	May 2023	52 beds
Amvis Holdings Inc.	Ishinkan Kuki (Kuki, Saitama Prefecture)	Ishinkan buildings and others	310	76	Own funds and borrowings	June 2022	June 2023	45 beds
Amvis Holdings Inc.	Ishinkan Sagamihara (Sagamihara, Kanagawa Prefecture)	Ishinkan buildings and others	470	34	Own funds and borrowings	August 2022	June 2023	54 beds
Amvis Inc.	Ishinkan Omori (Ota-ku, Tokyo)	Ishinkan buildings and others	-	-	Lease	May 2021	August 2023	77 beds
Amvis Holdings Inc.	Ishinkan Nishi Funabashi (Funabashi, Chiba Prefecture)	Ishinkan buildings and others	565	-	Own funds and borrowings	November 2022	August 2023	54 beds
Amvis Holdings Inc.	Ishinkan Shizuoka II (Aoi-ku, Shizuoka, Shizuoka Prefecture)	Ishinkan buildings and others	469	-	Own funds and borrowings	September 2022	September 2023	51 beds
Amvis Holdings Inc.	Ishinkan Sendai Yaotome (Izumi-ku, Sendai, Miyagi Prefecture)	Ishinkan land, buildings and others	771	-	Own funds and borrowings	December 2022	September 2023	51 beds

Company name	Office name (Location)	Facilities	Planned investment		Funding method	Starting date	Scheduled start of operation	Resulting capacity increase
			Total amount (million yen)	Amount already paid (million yen)				
Amvis Holdings Inc.	Ishinkan Hachioji (Hachioji, Tokyo)	Ishinkan buildings and others	537	-	Own funds and borrowings	October 2022	September 2023	54 beds
Amvis Inc.	Ishinkan Nishi Eifuku (Suginami-ku, Tokyo)	Ishinkan buildings and others	-	-	Lease	August 2022	February 2024	62 beds

(Notes) 1. The above amounts do not include consumption taxes.

2. Segment names are omitted because the Group operates in a single business segment, the Ishinkan business.

3. “Ishinkan Sengawa” and “Ishinkan Fuji” were completed and delivered in October 2022, and started operation in November.

4. “Ishinkan Kasukabe” and “Ishinkan Numazu” were completed and delivered in November 2022, and started operation in December.

(2) Retirement of major facilities

There are no plans for the retirement of important facilities, except for retirement for the renewal of ordinary facilities.

D: Status of the Submitting Company

1. Status of Shares

(1) Total Number of Shares

1) Total Number of Shares

Type	Total number of shares authorized to be issued (shares)
Common share	160,000,000
Total	160,000,000

(Note) By resolution of the Board of Directors meeting held on August 10, 2022, Article 6 of the Company's Articles of Incorporation was amended on October 1, 2022, and the total number of shares authorized increased by 160,000,000 shares to 320,000,000 shares.

2) Number of Shares Outstanding

Type	Shares issued as of the end of the fiscal year (September 30, 2022)	Shares issued as of the date of submission (December 28, 2022)	Name of listed financial instruments exchange or registered and licensed financial instruments business association	Remarks
Common share	48,917,600	97,891,200	Tokyo Stock Exchange, Inc. (Standard)	"Common share" is the standard type of shares issued by the Company without limitations on the shareholders' rights. The number of shares constituting one unit is 100 shares.
Total	48,917,600	97,891,200	-	-

(Note) The number of shares issued as of the date of submission does not include the number of shares issued upon the exercise of stock acquisition rights from December 1, 2022 to the filing date of this Annual Securities Report.

(2) Status of Stock Acquisition Rights

1) Details of the Stock Option Plan

a. Series 4 Stock Acquisition Rights

Date of resolution	July 3, 2018
Classification and number of people to be granted (people)	Company directors: 2 Audit & Supervisory Board members of the Company: 1 Company employees: 13 (Note 1)
Number of stock acquisition rights*	5 [5] (Note 2)
Type, description and number of shares to be issued upon exercise of the stock acquisition rights (shares) *	Common share: 8,000 [8,000] (Notes 2 and 6)
Amount to be paid in upon exercise of the stock acquisition rights (yen)*	6 (Notes 3 and 6)
Exercise period of the stock acquisition rights	From July 25, 2021 to June 30, 2028
Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights (yen)	Issue price: 6 (Note 6) Paid-in capital: 3
Terms and conditions for the exercise of stock acquisition rights	(Note) 4
Matters concerning the transfer of stock acquisition rights to shares	Transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors.
Matters concerning the issuance of stock acquisition rights in connection with acts of reorganization *	(Note) 5

* Indicated content is as of the end of the current fiscal year (September 30, 2022). Matters that changed after the end of the fiscal year and before the end of the month prior to the submission date (November 30, 2022) are shown in [ ], and other matters remain unchanged from the end of the current fiscal year.

(Notes) 1. Due to the forfeiture of rights due to retirement and other reasons, the classification and number of grantees as of the end of the month preceding the date of submission of the annual securities report (November 30, 2022) was 1 employee of the Company.

2. The number of shares to be issued upon exercise of each stock acquisition right is 800 shares as of the end of the current fiscal year. The Company implemented a 2-for-1 stock split of common shares on October 1, 2022. If the effect of this stock split was adjusted, the number of shares would be 1,600.
If the Company conducts a stock split (including gratis allotment of shares) or a reverse stock split, the number of shares to be acquired shall be adjusted in accordance with the following formula. Such adjustments will be made to the number of shares to be issued upon exercise of stock acquisition rights that have not been exercised at the time of the adjustment, and any fraction of a share resulting from the adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split and consolidation}$$

In the event that the Company implements an absorption-type merger, incorporation-type merger, absorption-type demerger, incorporation-type demerger, share exchange or share transfer, or if any other unavoidable event occurs, the number of shares to be issued upon exercise of the stock acquisition rights shall be adjusted within reason by a resolution of the Board of Directors.

3. If the Company implements a stock split (including gratis allotment of shares) or a reverse stock split after the allotment date of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split and consolidation}}$$

If, after the allotment date of the stock acquisition rights, the Company issues shares for subscription or disposes of treasury shares at a price lower than the exercise price (excluding the issuance or disposal of shares based on the exercise of stock acquisition rights), the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \frac{\text{Number of shares already issued} \times \text{Exercise price before adjustment} + \text{Number of newly issued shares} \times \text{Amount to be paid in per share}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares already issued" is the number obtained after deducting the number of treasury shares held by the Company from the total number of shares issued by the Company.
In the case of disposal of treasury shares, "new issue" means "disposal of treasury shares," and "paid-in amount per share" means "disposal amount per share".
In addition to the above, if the Company implements an absorption-type merger, incorporation-type merger, absorption-type split, incorporation-type split, share exchange or share transfer, or if any other unavoidable event occurs, the exercise price shall be adjusted, within reason, by a resolution of the Board of Directors.

4. Conditions for the exercise of stock acquisition rights

"Officer"

1) A person who has received an allotment of stock acquisition rights (hereinafter referred to as a "holder of stock acquisition rights") must be a director, Audit & Supervisory Board member, employee, or a person in an equivalent position at the Company or its subsidiary at the time of exercising the rights. However, this shall not apply in cases where the Board of Directors provides special approval to a person.
2) Holders of stock acquisition rights may exercise their rights within the exercise period only if the Company's shares are listed on a financial instruments exchange on or after the date of allotment.
3) Holders of stock acquisition rights may exercise all or part of the rights allocated to them in accordance with the following classifications. However, when exercising a part of the rights, the rights shall be exercised in units of an integral multiple of the allotted rights.
   (a) Until the day on which one year has elapsed since the end of the month in which the Company's shares were listed on a financial instruments exchange, one-half of the rights allotted may be exercised.
   (b) On and after the date on which one year has elapsed from the end of the month in which the Company's shares are listed on a financial instruments exchange, all of the rights allotted may be exercised.
4) In the event of the death of the holder of the stock acquisition rights, the heir may exercise the rights only within ten (10) months from the end of the month in which the Company becomes aware of the death (provided, however, that such period shall be up to the last day of the exercise period).

"Employee"

1) Holders of stock acquisition rights must hold the position of director, Audit & Supervisory Board member, employee, or equivalent of the Company or its subsidiaries at the time of exercising their rights. However, this shall not apply in cases where the Board of Directors provides special approval to a person.
2) Holders of stock acquisition rights may exercise their rights within the exercise period only if the Company's shares are listed on a financial instruments exchange on or after the date of allotment.
3) In the event of the death of the holder of stock acquisition rights, the heir may exercise the stock acquisition rights.
4) Individual stock acquisition rights may not be exercised in part.

5. Provisions for delivery of stock acquisition rights in the event that the Company implements organizational restructuring and handling of such stock acquisition rights

In the event that the Company implements an organizational restructuring, the stock acquisition rights of the reorganized company shall be delivered to the holders of the remaining stock acquisition rights on the effective date of the organizational restructuring, in each case under the following conditions. In this case, the remaining stock acquisition rights shall be extinguished and the reorganized company shall issue new stock acquisition rights. However, this shall be limited to cases where it is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that the stock acquisition rights to shares of the reorganized company shall be delivered in accordance with the following conditions.

(a) Number of stock acquisition rights of the restructured company to be delivered
    The number of stock acquisition rights shall be the same as the number of stock acquisition rights held by the holders of the offered stock acquisition rights remaining at the time of the effective date of the reorganization.
(b) Class of shares of the reorganized company to be issued upon exercise of stock acquisition rights to common shares of the reorganized company.
(c) Number of shares of the reorganized company to be issued upon exercise of stock acquisition rights
    The number of shares of the reorganized company to be issued upon exercise of stock acquisition rights shall be determined in accordance with Note 2, taking into consideration the terms and conditions of the reorganization.
(d) Value of assets to be contributed upon exercise of each stock acquisition rights
    The value of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount to be paid in after the restructuring, which is obtained by adjusting the exercise price set out in Note 3, after taking into consideration the conditions and other factors of the organizational restructuring, multiplied by the number of shares of the reorganized company to be issued upon the exercise of the stock acquisition rights, which is determined in accordance with (c) above.

(e) Period during which stock acquisition rights may be exercised
From the later of the commencement date of the period during which stock acquisition rights may be exercised as outlined in "Exercise Period of Stock Acquisition Rights" and the effective date of the organizational restructuring, to the expiration date of the period during which stock acquisition rights may be exercised as outlined in "Exercise Period of Stock Acquisition Rights."

(f) Terms and conditions for the exercise of stock acquisition rights
To be determined in accordance with Note 4.

(g) Matters concerning share capital and legal capital surplus to be increased
To be determined in accordance with the provisions of "Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights."

(h) Restriction on acquisition of stock acquisition rights to shares by transfer
Acquisition of stock acquisition rights to shares by transfer shall require the approval of the reorganized company.

(i) Reason for the acquisition of stock acquisition rights
To be determined in accordance with the following:

- If, prior to the exercise of stock acquisition rights by the holders of stock acquisition rights, a proposal for approval of a merger agreement in which the Company becomes an extinct company or a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, a resolution of the Board of Directors of the Company is adopted), the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.
- In the event that a stock acquisition right holder ceases to meet the conditions for exercising the rights in accordance with the conditions stipulated in "Conditions for the exercise of stock acquisition rights" before exercising the rights, and in the event that a stock acquisition right holder waives the stock acquisition rights held by him/her, the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.

6. The Company implemented a 200-for-1 stock split of common shares on July 31, 2019, a 2-for-1 stock split of common shares on April 1, 2020, a 2-for-1 stock split of common shares on January 1, 2022 and a 2-for-1 stock split of common shares on October 1, 2022. As a result, the above "Type, nature and number of shares to be issued upon exercise of stock acquisition rights," "Amount to be paid upon exercise of stock acquisition rights," and "Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights" have been adjusted.

b. Series 5 Stock Acquisition Rights

Date of resolution	June 17, 2019
Classification and number of people to be granted (people)	Audit & Supervisory Board member of the Company: 1 Company employees: 82 (Note 1)
Number of stock acquisition rights*	167 [132] (Note 2)
Type, description and number of shares to be issued upon exercise of the stock acquisition rights (shares) *	Common share: 267,200 [211,200] (Notes 2 and 6)
Amount to be paid in upon exercise of the stock acquisition rights (yen)*	79 (Notes 3 and 6)
Exercise period of the stock acquisition rights	From July 1, 2022 to May 31, 2029
Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights (yen)	Issue price: 79 (Note 6) Paid-in capital: 39.5
Terms and conditions for the exercise of stock acquisition rights	(Note) 4
Matters concerning the transfer of stock acquisition rights to shares	Transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors.
Matters concerning the issuance of stock acquisition rights in connection with acts of reorganization *	(Note) 5

* Indicated content is as of the end of the current fiscal year (September 30, 2022). Matters that changed after the end of the fiscal year and before the end of the month prior to the submission date (November 30, 2022) are shown in [ ], and other matters remain unchanged from the end of the current fiscal year.

(Notes) 1. Due to the forfeiture of rights due to retirement and other reasons, the classification and number of grantees as of the end of the month prior to the date of submission of the annual securities report (November 30, 2022) was 1 Audit & Supervisory Board member of the Company and 7 employees of the Company.

2. The number of shares to be issued upon exercise of each stock acquisition right is 800 shares as of the end of the current fiscal year. The Company implemented a 2-for-1 stock split of common shares on October 1, 2022. If the effect of this stock split was adjusted, the number of shares would be 1,600.
If the Company conducts a stock split (including gratis allotment of shares) or a reverse stock split, the number of shares to be acquired shall be adjusted in accordance with the following formula. Such adjustments will be made to the number of shares to be issued upon exercise of stock acquisition rights that have not been exercised at the time of the adjustment, and any fraction of a share resulting from the adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split and consolidation}$$

In the event that the Company implements an absorption-type merger, incorporation-type merger, absorption-type demerger, incorporation-type demerger, share exchange or share transfer, or if any other unavoidable event occurs, the number of shares to be issued upon exercise of the stock acquisition rights shall be adjusted within reason by a resolution of the Board of Directors.

3. If the Company implements a stock split (including gratis allotment of shares) or a reverse stock split after the allotment date of stock acquisition rights, the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split and consolidation}}$$

If, after the allotment date of the stock acquisition rights, the Company issues shares for subscription or disposes of treasury shares at a price lower than the exercise price (excluding the issuance or disposal of shares based on the exercise of stock acquisition rights), the exercise price shall be adjusted according to the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \frac{\text{Number of shares already issued} \times \text{Exercise price before adjustment} + \text{Number of newly issued shares} \times \text{Amount to be paid in per share}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the “number of shares already issued” is the number obtained after deducting the number of treasury shares held by the Company from the total number of shares issued by the Company. In the case of disposal of treasury shares, “new issue” means “disposal of treasury shares,” and “paid-in amount per share” means “disposal amount per share”.
In addition to the above, if the Company implements an absorption-type merger, incorporation-type merger, absorption-type split, incorporation-type split, share exchange or share transfer, or if any other unavoidable event occurs, the exercise price shall be adjusted, within reason, by a resolution of the Board of Directors.

4. Conditions for the exercise of stock acquisition rights

“Officer”

1) A person who has received an allotment of stock acquisition rights (hereinafter referred to as a “holder of stock acquisition rights”) must be a director, Audit & Supervisory Board member, employee, or a person in an equivalent position at the Company or its subsidiary at the time of exercising the rights. However, this shall not apply in cases where the Board of Directors provides special approval to a person.
2) Holders of stock acquisition rights may exercise their rights within the exercise period only if the Company’s shares are listed on a financial instruments exchange on or after the date of allotment.
3) Holders of stock acquisition rights may exercise all or part of the rights allocated to them in accordance with the following classifications. However, when exercising a part of the rights, the rights shall be exercised in units of an integral multiple of the allotted rights.
   (a) Until the day on which one year has elapsed since the end of the month in which the Company’s shares were listed on a financial instruments exchange, one-half of the rights allotted may be exercised.
   (b) On and after the date on which one year has elapsed from the end of the month in which the Company’s shares are listed on a financial instruments exchange, all of the rights allotted may be exercised.
4) In the event of the death of the holder of the stock acquisition rights, the heir may exercise the rights only within ten (10) months from the end of the month in which the Company becomes aware of the death (provided, however, that such period shall be up to the last day of the exercise period).

“Employee”

1) Holders of stock acquisition rights must hold the position of director, Audit & Supervisory Board member, employee, or equivalent of the Company or its subsidiaries at the time of exercising their rights. However, this shall not apply in cases where the Board of Directors provides special approval to a person.
2) Holders of stock acquisition rights may exercise their rights within the exercise period only if the Company’s shares are listed on a financial instruments exchange on or after the date of allotment.
3) In the event of the death of the holder of stock acquisition rights, the heir may exercise the stock acquisition rights.
4) Individual stock acquisition rights may not be exercised in part.

5. Provisions for delivery of stock acquisition rights in the event that the Company implements organizational restructuring and handling of such stock acquisition rights

   In the event that the Company implements an organizational restructuring, the stock acquisition rights of the reorganized company shall be delivered to the holders of the remaining stock acquisition rights on the effective date of the organizational restructuring, in each case under the following conditions. In this case, the remaining stock acquisition rights shall be extinguished and the reorganized company shall issue new stock acquisition rights. However, this shall be limited to cases where it is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan that the stock acquisition rights to shares of the reorganized company shall be delivered in accordance with the following conditions.

   (a) Number of stock acquisition rights of the restructured company to be delivered
   The number of stock acquisition rights shall be the same as the number of stock acquisition rights held by the holders of the offered stock acquisition rights remaining at the time of the effective date of the reorganization.

   (b) Class of shares of the reorganized company to be issued upon exercise of stock acquisition rights
   to common share of the reorganized company.

   (c) Number of shares of the reorganized company to be issued upon exercise of stock acquisition rights
   The number of shares of the reorganized company to be issued upon exercise of stock acquisition rights shall be determined in accordance with Note 2, taking into consideration the terms and conditions of the reorganization.

   (d) Value of assets to be contributed upon exercise of each stock acquisition rights
   The value of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount to be paid in after the restructuring, which is obtained by adjusting the exercise price set out in Note 3, after taking into consideration the conditions and other factors of the organizational restructuring, multiplied by the number of shares of the reorganized company to be issued upon the exercise of the stock acquisition rights, which is determined in accordance with (c) above.

   (e) Period during which stock acquisition rights may be exercised
   From the later of the commencement date of the period during which stock acquisition rights may be exercised as outlined in “Exercise Period of Stock Acquisition Rights” and the effective date of the organizational restructuring, to the expiration date of the period during which stock acquisition rights may be exercised as outlined in “Exercise Period of Stock Acquisition Rights.”

   (f) Terms and conditions for the exercise of stock acquisition rights
   To be determined in accordance with Note 4.

   (g) Matters concerning share capital and legal capital surplus to be increased
   To be determined in accordance with the provisions of “Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights.”

   (h) Restriction on acquisition of stock acquisition rights to shares by transfer
   Acquisition of stock acquisition rights to shares by transfer shall require the approval of the reorganized company.

   (i) Reason for the acquisition of stock acquisition rights
   To be determined in accordance with the following:
   - If, prior to the exercise of stock acquisition rights by the holders of stock acquisition rights, a proposal for approval of a merger agreement in which the Company becomes an extinct company or a proposal for approval of a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary is approved at a general meeting of shareholders (or, if a resolution of a general meeting of shareholders is not required, a resolution of the Board of Directors of the Company is adopted), the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.
   - In the event that a stock acquisition right holder ceases to meet the conditions for exercising the rights in accordance with the conditions stipulated in “Conditions for the exercise of stock acquisition rights” before exercising the rights, and in the event that a stock acquisition right holder waives the stock acquisition rights held by him/her, the Company may acquire the stock acquisition rights without compensation on a date separately determined by the Board of Directors of the Company.

6. The Company implemented a 200-for-1 stock split of common shares on July 31, 2019, a 2-for-1 stock split of common shares on April 1, 2020, a 2-for-1 stock split of common shares on January 1, 2022 and a 2-for-1 stock split of common shares on October 1, 2022. As a result, the above “Type, nature and number of shares to be issued upon exercise of stock acquisition rights,” “Amount to be paid upon exercise of stock acquisition rights,” and “Issue price and amount paid into capital when shares are issued upon exercise of stock acquisition rights” have been adjusted.

2) Details of rights plans:
Not applicable.

3) Status of other stock acquisition rights:
Not applicable.

(3) Status of Exercise of Bonds with Stock Acquisition Rights Subject to Exercise Price Revision:
Not applicable.

(4) Total Number of Shares Issued, Share capital

Date	Increase in the total number of shares issued (shares)	Total number of shares issued (shares)	Increase (decrease) in share capital (million yen)	Balance of Share capital (million yen)	Increase in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
July 31, 2019 (Note 1)	9,950,000	10,000,000	-	40	-	-
October 8, 2019 (Note 2)	1,000,000	11,000,000	1,288	1,328	1,288	1,288
November 6, 2019 (Note 3)	165,000	11,165,000	212	1,540	212	1,500
November 30, 2019 - March 31, 2020 (Note 4)	96,000	11,261,000	0	1,540	0	1,500
April 1, 2020 (Note 5)	11,261,000	22,522,000	-	1,540	-	1,500
March 9, 2021 (Note 6)	1,500,000	24,022,000	4,294	5,834	4,294	5,794
July 31, 2021 - September 30, 2021 (Note 4)	258,000	24,280,000	3	5,838	3	5,798
January 1, 2022 (Note 7)	24,280,000	48,560,000	-	5,838	-	5,798
July 31, 2022 - September 30, 2022 (Note 4)	357,600	48,917,000	28	5,866	28	5,826

(Notes) 1. The increase in the total number of shares issued as of July 31, 2019 was due to a 200-for-1 stock split of the common share.
2. The increase in the total number of shares issued, share capital, and legal capital surplus as of October 8, 2019, was due to the public offering (offering by book building method) in connection with the listing on the JASDAQ (Standard) of the Tokyo Stock Exchange.
Issue price: 2,800 yen
Underwriting price: 2,576 yen
Amount incorporated in capital: 1,288 yen
3. The increase in the total number of issued shares, share capital, and legal capital surplus as of November 6, 2019, was due to the third-party allotment in connection with the secondary offering by way of over-allotment in connection with the listing on the JASDAQ (Standard) of the Tokyo Stock Exchange.
Issue price: 2,576 yen
Amount incorporated in capital: 1,288 yen
Allottee: Nomura Securities Co.
4. The increase was due to the exercise of stock acquisition rights.

5. The increase in the number of shares issued as of April 1, 2020, was due to a 2-for-1 stock split of common shares.
6. The increase in the total number of issued shares, share capital, and legal capital surplus as of March 9, 2021, was due to the public offering.
   Issue price: 6,004 yen
   Underwriting price: 5,725.45 yen
   Amount incorporated in capital: 2,862.725 yen
7. The increase in the number of shares issued as of January 1, 2022, was due to a 2-for-1 stock split of common shares.
8. The Company has implemented a 2-for-1 stock split on October 1, 2022. Therefore, the total number of shares issued is 97,835,200 shares increasing by 48,917,600 shares.
9. During the period from October 1, 2022 to November 30, 2022, the exercise of stock acquisition rights increased the total number of shares issued by 56,000 shares, share capital by 2 million yen, and legal capital surplus by 2 million yen.

(5) Status by Owner

As of September 30, 2022

	Status of Shares (One share unit: 100 shares)								Odd lot shares (less than one share unit) (shares)
	National and regional government organizations	Financial institutions	Financial instruments firms	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Not individuals	Individuals			
Number of shareholders (people)	-	12	19	63	129	8	3,614	3,845	-
Shares held (share units)	-	34,872	3,564	269,241	71,325	14	110,083	489,099	7,700
Percentage holdings (%)	-	7.13	0.73	55.05	14.58	0.00	22.51	100.00	-

(Note) 456 shares of treasury stock are included in “individuals and others” (4 units) and “odd-lot shares” (56 shares).

(6) Status of Major Shareholders

As of September 30, 2022

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
IDEA Capital	2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan	26,831,000	54.85
Keiichi Shibahara	Minato-ku, Tokyo, Japan	8,431,000	17.24
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1, Nihombashi, Chuo-ku, Tokyo, Japan)	3,622,800	7.41
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	2,037,500	4.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	640,100	1.31
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 Broadway New York, New York 10036, U.S.A. (1-9-7 Otemachi, Chiyoda-ku, Tokyo, Japan)	431,700	0.88
Tetsuya Nakagawa	Minato-ku, Tokyo, Japan	420,000	0.86
Sumitomo Life Insurance Company (Standing proxy: The Custody Bank of Japan, Ltd.)	7-18-24 Tsukiji, Chuo-ku, Tokyo, Japan (1-8-12 Harumi, Chuo-ku, Tokyo, Japan)	309,800	0.63
BNP PARIBAS SECURITIES SERVICES SYDNEY/ JASDEC/ AUSTRALIAN RESIDENTS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	60 CASTLEREAGH ST SYDNEY NSW 2000 (3-11-1 Nihombashi, Chuo-ku, Tokyo, Japan)	196,900	0.40
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Dept.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Minato-ku, Tokyo, Japan)	189,500	0.39
Total	-	43,110,300	88.13

(Note) Although Capital Research and Management Company reported that it held 3,787,400 shares as of February 28, 2022 in a large shareholding report (change report) made available for public inspection on March 7, 2022, the Company is unable to confirm the number of shares actually held as of the end of the current fiscal year. Therefore, Capital Research and Management Company is not included in the above major shareholders.
The contents of the large shareholding report (change report) are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A	3,787,400	7.80

(7) Status of Voting Rights

1) Number of Shares Outstanding

As of September 30, 2022

	Shares (shares)		Voting rights (units)	Details
Non-voting stock		-	-	-
Shares with restricted voting rights (treasury shares, etc.)		-	-	-
Shares with restricted voting rights (other)		-	-	-
Shares with full voting rights (treasury shares, etc.)	Common share	400	-	-
Shares with full voting rights (other)	Common share	48,909,500	489,095	The shares are Company's standard shares without any limitation in terms of rights. The number of shares per unit is 100 shares.
Odd-lot shares	Common share	7,700	-	-
Total number of shares issued		48,917,600	-	-
Voting rights of all shareholders		-	489,095	-

(Note) “Shares constituting less than one unit” include 56 shares of treasury share owned by the Company.

2) Treasury share

As of September 30, 2022

Owner	Address	Shares held in own names (shares)	Shares held in other names (shares)	Total shares held (shares)	Holdings as a percentage of the total (%)
Amvis Holdings Inc.	2-7-2 Yaesu, Chuo-ku, Tokyo, Japan	400	-	400	0.00
Total	-	400	-	400	0.00

2. Status of Acquisition of Treasury Shares

Type of shares Not applicable.

1) Status of acquisition by resolution of the General Meeting of Shareholders:
Not applicable.

2) Status of acquisition by resolution of the Board of Directors:
Not applicable.

3) Details of items not based on resolutions of the General Meeting of Shareholders or the Board of Directors
Not applicable.

4) Status of disposal and holding of acquired treasury share

	Current fiscal year		During the period	
	Number of shares (shares)	Total disposal value (million yen)	Number of shares (shares)	Total disposal value (million yen)
Acquired treasury share for which subscribers were solicited	-	-	-	-
Acquired treasury share disposed of for retirement	-	-	-	-
Acquired treasury share transferred in connection with a merger, share exchange, or corporate split	-	-	-	-
Others	-	-	-	-
Shares of treasury share held	456	-	456	-

(Note) The number of treasury shares held during the period does not include the number of shares resulting from the purchase of odd-lot shares from December 1, 2022, to the date of submission of the annual securities report.

3. Dividend Policy

The Company considers the distribution of profits to shareholders to be a priority management issue. The Company's basic policy is to distribute profits to shareholders through the stable payment of dividends paid once a year, taking into account a variety of factors. These include the market environment, regulatory changes, and financial soundness. The Company also considers the need to secure internal reserves to expand the Ishinkan business as well as related businesses and to strengthen its management base.

The Company stipulates in its Articles of Incorporation that the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act may be determined by a resolution of the Board of Directors unless otherwise provided for in laws and regulations. However, in principle, year-end dividends shall be determined by a resolution of the General Meeting of Shareholders. The Company's Articles of Incorporation stipulate that the record date for year-end dividends is the last day of each fiscal year and the record date for interim dividends is March 31 of each year, and that the Company may pay dividends from surplus on other record dates.

Based on these policies, the Company plans to pay a year-end dividend of 6 yen per share for the current fiscal year.

Over the medium to long term, the Company will focus on total shareholder return and plans to provide a stable yield, regardless of changes in growth stage.

Dividends from surplus for the current fiscal year are as follows.

Date of resolution	Total amount of dividends (million yen)	Dividend per share (yen)
Resolution at the Ordinary General Meeting of Shareholders on December 23, 2022	293	6.00

(Note) The Company has implemented a 2-for-1 stock split on October 1, 2022. As the record date for dividends for the current fiscal year is September 30, 2022, dividends will be paid based on the number of shares before the stock split.

4. Status of Corporate Governance

(1) Outline of Corporate Governance

1) Basic Views of Corporate Governance

In line with our vision to “become the world’s most exciting medical and healthcare company,” based on the Group’s mission to “create a vibrant, happy society through medical and health care with an ambitious vision,” the Group aims to contribute to its sustainable growth and development and the happiness of society as a whole through honest and fair business activities. The Group also places value on the interests and trust of all our stakeholders, including shareholders, investors, service users, medical institutions, government agencies, local communities and residents, employees, and business partners. In order to achieve this, the Group believes that it is necessary to emphasize the rights of its shareholders and to live up to society's trust, and it considers establishing and strengthening corporate governance to be its most important management issue.

2) Outline of the Corporate Governance System and Reasons for its Adoption

The Company has adopted a company's organizational structure with an Audit & Supervisory Board under the Companies Act. In addition, the Company has established the Management Meeting and the Nomination and Compensation Committee as voluntary organizations and has adopted the executive officer system. In addition, the Company has invited outside directors to strengthen its management system and governance. We believe that this corporate governance system enables us to conduct management with a sense of speed through quick decision-making and to execute business flexibly by obtaining opinions from both inside and outside the Company. The following describes the situation as of the date of submission of the Annual Securities Report.

(Board of Directors)

The Board of Directors consists of five directors (including two outside directors), which is an appropriate number of members. The Board of Directors makes decisions on critical business operations promptly and flexibly, as well as on matters stipulated by laws and regulations and the Articles of Incorporation, management policies, business strategies, annual business plans, and other important management matters by ensuring diversity in terms of experience, knowledge, and expertise. In addition, the Board of Directors meets once a month in principle, with all Audit & Supervisory Board members in attendance to monitor the status of business execution by directors. Extraordinary Board of Directors meetings are held as necessary to ensure proper and efficient business execution.

(Audit & Supervisory Board)

The Audit & Supervisory Board consists of three members (all of whom are outside members and one of whom is a full-time member) and meets once a month in principle to ensure the effectiveness and efficiency of audits and to exchange opinions among members. In addition, extraordinary meetings are held as necessary. The Audit & Supervisory Board prepares the “Regulations of the Audit & Supervisory Board members” and auditing standards, formulates audit plans, and shares the status of audit implementation and audit results among the Audit & Supervisory Board members. In addition, the Audit & Supervisory Board members attend important meetings such as the Board of Directors’ meetings and monitor the execution of duties by directors by expressing their opinions as necessary. They also collaborate with the Internal Audit Office and accounting auditors to improve the effectiveness and efficiency of audits.

(Management Meeting)

The Management Meeting consists of Directors, Audit & Supervisory Board members, Executive Officers, and the heads of each department. In principle, the Management Meeting is held regularly every week and on an ad-hoc basis as necessary. Critical matters are brought up for discussion at Board of Directors meetings after thorough deliberation at the Management Meeting, thereby ensuring enhanced deliberation and appropriate decision-making at Board of Directors meetings.

(Nomination and Compensation Committee)

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors to enhance corporate governance by strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors. The Nomination and Compensation Committee, consisting of one representative director and two outside directors, periodically confirms and provides appropriate advice to the Board of Directors on matters of particular importance, such as the nomination and compensation of officers. In addition, one full-time Audit & Supervisory Board member attends the meetings and monitors the committee by providing opinions as appropriate. The Nomination and Compensation Committee was held twice during the current fiscal year. The Nomination and Compensation Committee deliberates on proposals for the election of officers to be submitted to the Ordinary General Meeting of Shareholders held in December 2021, which is an advisory matter from the Board of Directors, and individual compensation for directors, and reports to the Board of Directors.

(Special Committee)

The Special Committee has a basic policy of ensuring that transactions occurring with the Company's controlling shareholder are subject to the same appropriate terms and conditions as general transactions and deliberates as necessary to ensure the fairness and reasonableness of the content and appropriateness of the terms and conditions of transactions, and to protect the interests of the minority shareholders. The Special Committee consists of two outside directors and three outside Audit & Supervisory Board members, and the committee members select the chairperson. The Special Committee met once during the current fiscal year. The Special Committee deliberates on whether there are any issues regarding the independence of decision-making and business activities from the controlling shareholder, as well as the reasonableness of individual conflict-of-interest transactions with the controlling shareholder and the legality of the terms and conditions of such transactions, and reports to the Board of Directors.

The members of each organization of the Company are as follows.

Position	Name	Board of Directors	Audit & Supervisory Board	Management Meeting	Nomination and Compensation Committee	Special Committee
Representative Director and CEO	Keiichi Shibahara	◎		◎	◎	
Director and CFO	Tetsuya Nakagawa	○		○		
Director	Shingo Yamaguchi	○		○		
Outside Director	Nobutaka Ushigome	○			○	○
Outside Director	Tsuyoshi Yamada	○			○	○
Full-time outside Audit & Supervisory Board member	Ryoji Arai	△	◎		△	○
Outside Audit & Supervisory Board member	Shinkichi Matsuo	△	○			○
Outside Audit & Supervisory Board member	Takahiro Sugawara	△	○			○
Executive Officers and the heads of each department				○		

(Note) ◎Chairperson ○Member △Attendee

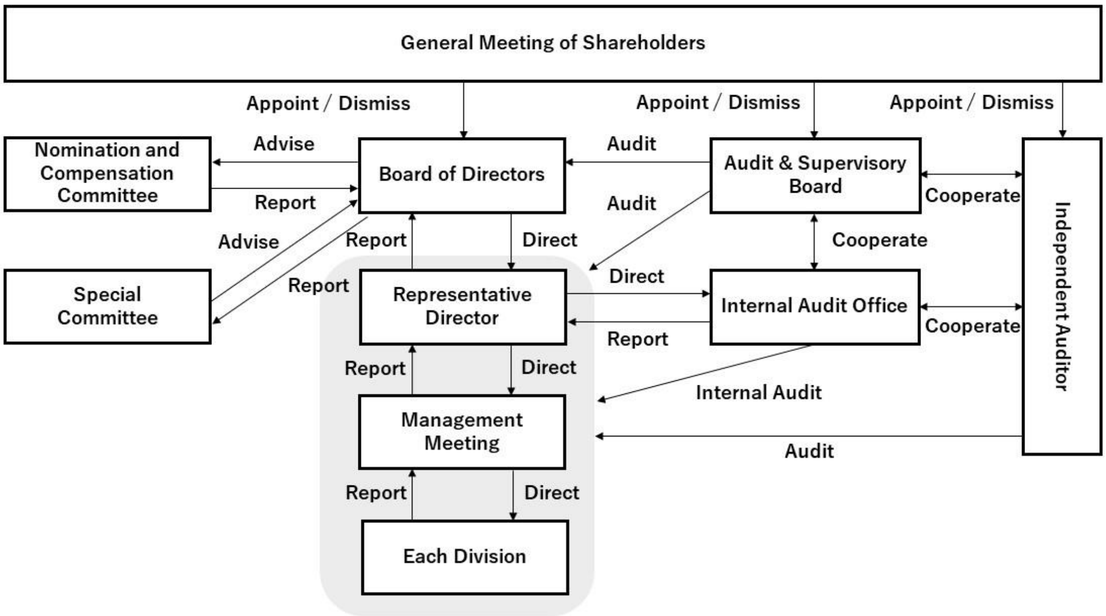
The skill matrix of each officer of the Company is as follows

Position	Name	Management strategy	Finance and accounting	Human resources and labor affairs	Legal and compliance affairs	Sustainability and ESG	IT
Representative Director and CEO	Keiichi Shibahara	●					
Director and CFO	Tetsuya Nakagawa		●	●			
Director	Shingo Yamaguchi			●	●	●	
Outside Director	Nobutaka Ushigome	●				●	
Outside Director	Tsuyoshi Yamada	●					●
Full-time outside Audit & Supervisory Board member	Ryoji Arai		●	●	●	●	
Outside Audit & Supervisory Board member	Shinkichi Matsuo	●	●				
Outside Audit & Supervisory Board member	Takahiro Sugawara	●					●

(Note) The above list presents the fields in which each has more specialized knowledge based on their experience and does not represent all the knowledge they possess.

Figure 2 shows the structure of the Company's corporate governance system.

Figure 2: Corporate governance structure



The Company has adopted the corporate governance structure described above in order to improve transparency and soundness and to speed up decision-making in response to changes in the business environment. The Company also believes that it is important to have an objective and neutral management monitoring function from outside. In addition, it has appointed outside directors and outside Audit & Supervisory Board members who have a wealth of experience in various fields, a high level of expertise, and a wide range of insights.

3) Status of Internal Control Systems

The Company has established the “Basic Policy for Internal Control” as a system to ensure the appropriateness of business operations by resolution of the Board of Directors, and is developing and operating the internal control system as follows based on this policy.

(A) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

(a) The Company shall establish a code of conduct for employees and ensure that all employees are familiar with corporate ethics and legal compliance.

(b) Internal rules shall be maintained in a timely manner, taking into account the latest revisions to laws and regulations.

(c) The Company shall establish the Compliance Department as a department to supervise and guide the legal compliance system of the entire Group, and shall conduct research and studies on laws and regulations related to the Company’s business and ensure thorough compliance.

(d) The Company shall establish an Internal Audit Office under the direct control of the president, which shall check all business processes from an independent standpoint, and shall appropriately cooperate with audit corporations and Audit & Supervisory Board members in the course of audits.

(e) In order to detect violations of laws and regulations at an early stage, the Company shall set up an external contact point for reporting in accordance with the rules for the internal reporting system operation.

(f) Since relationships with antisocial forces lead to violations of laws and regulations, the Company shall block any and all relationships with such forces in accordance with the rules for measures against antisocial forces.

(B) Systems for the storage and management of information related to the execution of duties by directors

(a) Important records related to the execution of duties by directors, such as minutes of the Board of Directors meetings, approval documents, accounting books, among others, shall be stored and managed for a specified period in documents or electromagnetic media in accordance with laws and regulations and the rules for document management.

(b) Directors and Audit & Supervisory Board members shall have access to these documents at all times.

(C) Rules and other systems for managing the risk of loss

(a) In addition to efforts to enhance corporate value, the Company shall foresee all risks (compliance issues, quality issues, information security issues, etc.) that may threaten the sustainable development of the Company, assess them appropriately, prioritize them, and establish a risk management system.

(b) A risk management system shall be established by the general manager of the Administration Division, the Risk Management Committee, the Task Force and the Board of Directors in accordance with the rules for risk management, the rules for legal compliance management, the rules for information system management, the rules for managerial crisis management.

(D) Systems to ensure the efficient execution of duties by directors

(a) Regular Board of Directors meetings shall be held once a month, and extraordinary Board of Directors meetings shall be held for flexible decision-making.

(b) The Management Meeting shall be established under the Board of Directors to discuss matters to be discussed at Board of Directors meetings in advance and to improve decision-making efficiency.

(c) To expedite decision-making on business operations by delegating authority in accordance with the rules for administrative authority.

(E) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

(a) The Company shall share its management philosophy with the entire Group, enhance its corporate value, and ensure the appropriateness of its operations.

(b) Subsidiaries shall periodically report to headquarters on matters to be reported and approved as stipulated in the rules for group company management.

(c) Members of the Internal Audit Office of the Company shall visit the subsidiaries and report the audit results to the representative director.

(F) Systems for employees to assist Audit & Supervisory Board members in their duties when requested to do so by Audit & Supervisory Board members

Employees who assist the duties of the Audit & Supervisory Board members shall be secured as necessary, and such employees shall not be subject to the direction and orders of directors.

(G) System for directors and employees to report to Audit & Supervisory Board members and other systems for reporting to Audit & Supervisory Board members

Directors and general managers, among others, shall report and provide information on the status of execution of their duties in response to requests from each Audit & Supervisory Board member. Reports and provision of information shall be made on a regular basis, such as every quarter or at any other time as requested by the Audit & Supervisory Board members.

(H) Other systems to ensure that audits by Audit & Supervisory Board members are conducted effectively

(a) The representative director and members of the Internal Audit Office shall exchange opinions with the Audit & Supervisory Board members on a regular basis.

(b) Audit & Supervisory Board members shall attend all important meetings, including Board of Directors meetings and the Management Meetings, and obtain necessary information.

(c) The Audit & Supervisory Board shall receive reports on audit results from the audit corporation on a regular basis to enhance the effectiveness of the audit.

(I) Systems to ensure the reliability of financial reporting

In order to ensure the reliability of financial reporting, the Group shall establish various regulations based on the Financial Instruments and Exchange Act, and shall effectively and efficiently establish, operate, and evaluate internal controls over financial reporting. The development and operation of internal control are also carried out at each business site, and the Internal Audit Office is mainly responsible for evaluation.

4) Status of systems to ensure the appropriateness of operations of subsidiaries

In accordance with its “rules for group company management,” the Company strives to optimize its business and ensure the appropriateness of its operations through collaboration as a Group, such as by periodically reporting on the management status of subsidiaries and holding prior discussions among related departments on important matters. The aforementioned “Basic Policy for Internal Control” is intended for the entire Group.

In addition, at weekly management meetings, the Company receives reports on important management matters, the management control system, and the status of business execution as appropriate, and provides appropriate advice and guidance.

In addition, the Company’s Audit & Supervisory Board members and the Internal Audit Office conduct audits on a regular and ad hoc basis to ensure that systems are in place to ensure the proper operation of subsidiaries.

5) Status of Risk Management System

The Company has established the “rules for risk management” and has made the necessary arrangements for their operation to prevent risks and minimize losses. The nursing and care department and the Compliance Department are responsible for risks specific to the Group’s business, while the Administration Division is responsible for risks not specific to the business (incidents, accidents, and disasters). For example, regarding the nursing and care department and the Compliance Department, we have compiled various risks such as accidents caused by various types of care associated with physical assistance, the spread of infectious diseases in facilities, and outbreaks of food poisoning in the provision of meals, as well as our response to these risks, in the form of the Ishinkan Manual. On a daily basis, education and training are provided to leaders and employees of each facility based on this manual. In addition, the Administration Division appoints safety and health promoters and fire managers, conducts education and training (including drills) for employees and prepares necessary goods and equipment. Regardless of whether it is the former or the latter, it has become a well-established and customary practice for problems to be raised and issues to be resolved at weekly management meetings. In addition, the Company has concluded advisory or outsourcing contracts with lawyers, certified public accountants, certified tax accountants, labor and social insurance attorneys, and other outside specialists and has established a system for receiving appropriate advice and guidance as needed.

In addition, the Company has established the rules for measures against antisocial forces and has taken measures to counter violence by antisocial forces. The Company has also established rules for operation of the internal reporting system operation and has set up and is operating an external contact point for misconduct.

6) Exemption from Liability of Directors and Audit & Supervisory Board members

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, for the purpose of establishing an environment in which directors (including former directors) and Audit & Supervisory Board members (including former Audit & Supervisory Board members) can fully demonstrate their abilities and fulfill their expected roles in the performance of their duties, the Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, exempt directors (including former directors) and Audit & Supervisory Board members (including former Audit & Supervisory Board members) from the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, up to the amount obtained by deducting the minimum liability amount provided for in laws and regulations from the amount of liability for damages if the requirements provided for in laws and regulations are met.

7) Outline of liability limitation agreement

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and its directors (excluding those who are executive directors) and Audit & Supervisory Board members have entered into an agreement to limit their liability for damages as provided in Article 423, Paragraph 1 of the same act. The maximum amount of liability for damages under the agreement is the minimum liability amount stipulated in laws and regulations. Such limitation of liability is permitted only when the relevant outside director or Audit & Supervisory Board member performs his or her duties in good faith and without gross negligence in the performance of the duties that gave rise to the liability.

8) Outline of liability insurance policy for officers

The Company has entered into a liability insurance contract with an insurance company for directors and Audit & Supervisory Board members as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance is designed to cover legal damages, litigation expenses, and other losses incurred by the insured. The insured under the liability insurance contract are the Company’s directors, Audit & Supervisory Board members, and executive officers, as well as directors and executive officers of subsidiaries, and the insured does not bear any insurance premiums.

In addition, there are certain exemptions from liability under the insurance contract, such as cases of breach of trust, criminal acts, fraudulent acts, and acts committed with the knowledge that they violate laws and regulations.

9) Fixed number of directors and Audit & Supervisory Board members

The Company’s Articles of Incorporation stipulate that the Company shall have no more than ten directors and shall have no more than five Audit & Supervisory Board members.

10) Requirements for resolutions on the election of directors and Audit & Supervisory Board members

The Company’s Articles of Incorporation stipulate that resolutions for the election of directors and Audit & Supervisory Board members shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The Company’s Articles of Incorporation also stipulate that resolutions for the election of directors shall not be made by cumulative voting.

11) Requirements for special resolutions at general meetings of shareholders

The Company stipulates in its Articles of Incorporation that, with respect to the requirements for special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, special resolutions shall be adopted by two-thirds or more of the voting rights of the shareholders present at the meeting where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present. This provision aims to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

12) Decision-making body for dividends of surplus

For a flexible capital policy, the Company stipulates in its Articles of Incorporation that the Company may determine the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends from surplus, by a resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

13) Interim dividend

For a flexible capital policy, the Company’s Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay interim dividends with a record date of March 31 of each year in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act. The Company’s Articles of Incorporation also stipulate that the Company may pay dividends from surplus by setting a record date.

14) Decision-making body for the acquisition of treasury shares

The Company stipulates in its Articles of Incorporation that it may acquire its own shares by a resolution of the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act. The purpose of this provision is to allow the Company to acquire its own shares through market transactions in order to enable the execution of a flexible capital policy in response to changes in the business environment.

15) Policy on measures to protect minority shareholders in conducting transactions with controlling shareholders

Keiichi Shibahara, the Representative Director and the founder of the Group, owns 72.09% of the voting rights of all shareholders of the Company (including those held by IDEA Capital of which he holds all shares), and is, therefore, the controlling shareholder. It is the Company's basic policy that in the event of a transaction with the controlling shareholder, the terms and conditions of the transaction shall be as appropriate as general terms and conditions. The Company has established a special committee as an advisory body to the Board of Directors to ensure the fairness and reasonableness of the terms and conditions of transactions and to protect the interests of minority shareholders of the Company. Accordingly, the committee deliberates as necessary.

(2) Status of Officers

1. Officers

Male: 8; Female: 0 (percentage of female officers: 0%)

Position	Name	Date of birth	Career history		Term of office	Shares held (shares)
Representative Director, CEO	Keiichi Shibahara	October 9, 1964	Aug. 2013 Sep. 2013 Sep. 2013 Jun. 2015 Oct. 2016 Mar. 2020	Established Social Welfare Corporation Kanshano Kokoro, President Succeeded to Medical Corporation Fukujikai, President Established Amvis, Inc., Representative Director (current position) Established Ishin, Inc., Representative Director Established the Company, Representative Director and CEO (current position) Established Ashitano iryo, Inc., Representative Director (current position)	(Note) 2	70,524,000 (Note) 5
Director, CFO	Tetsuya Nakagawa	January 28, 1989	Apr. 2012 Jul. 2014 Apr. 2015 Aug. 2018 Mar. 2020 Jul. 2020 Dec. 2020 Dec. 2021	Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC) Joined PricewaterhouseCoopers Co. (currently PwC Advisory LLC) Joined Morgan Stanley Japan Holdings Seconded to Morgan Stanley New York Joined the Company, Executive Officer and CFO, General Manager of Accounting and Finance Division Director of Ashitano Iryo, Inc. (current position) Director and CFO, General Manager of Accounting and Finance Division of the Company (current position) Director of Amvis, Inc. (current position)	(Note) 2	840,000
Director	Shingo Yamaguchi	December 7, 1972	Jan. 2005 Dec. 2006 Dec. 2013 Jun. 2016 Apr. 2018 Nov. 2019 Dec. 2019 Jul. 2020 Dec. 2021	Joined ITJ Law Office Joined CSK Securities Services Corporation (currently SCSK Corporation) Joined General Co. General Manager of Compliance Department of Miraisekkei Corporation Joined the Company, General Manager of Business Support Department Executive Officer of the Company Director, General Manager of Administration Division of the Company (current position) Director of Ashitano Iryo, Inc. (current position) Director of Amvis,Inc. (current position)	(Note) 2	160,000

Position	Name	Date of birth	Career history		Term of office	Shares held (shares)
Director	Nobutaka Ushigome	September 4, 1964	Jul. 1989	Joined the Ministry of Home Affairs (currently the Ministry of Internal Affairs and Communications)	(Note) 2	-
			Jul. 1995	Professor, Local Autonomy College		
			Apr. 1996	General Manager of Sales Development Division, TYK Corporation		
			Jun. 1997	Director and General Manager, Sales Development Division, TYK Corporation		
			Oct. 1998	Director and Deputy General Manager of Sales Division, TYK Corporation		
			Jun. 2001	Managing Director and General Manager of Sales Division, TYK Corporation		
			Jun. 2004	Senior Managing Director and General Manager of Sales Division, TYK Corporation		
			Jun. 2005	Chairperson and Representative Director of TYK America, Inc. (current position)		
			Jun. 2005	President and Representative Director of Akechi Ceramics Co., Ltd. (current position)		
			Jun. 2005	President and Representative Director of U-Ceramic Co., Ltd. (current position)		
			Jun. 2005	President and Representative Director of Mizuno Ceramics Co., Ltd. (current position)		
			Jun. 2005	President and Representative Director of Houei Kogyo Co., Ltd. (current position)		
			Jun. 2005	President and Representative Director of TYK Corporation (current position)		
			Jan. 2019	Director (Outside) of the Company (current position)		
			Jun. 2022	Director (Outside) of Chubu Steel Plate Co., Ltd. (current position)		
Director	Tsuyoshi Yamada	July 6, 1988	Dec. 2013	Director and General Manager of Technology Development Department, Link-U Inc.	(Note) 2	-
			Oct. 2017	Director, CTO, and General Manager of Technology Development Dept, Link-U Inc.		
			Apr. 2018	Director, CTO, and General Manager of the 1st Business Division, Link-U Inc.		
			Jan. 2021	Director, CTO, General Manager of the Domestic Business Division and General Manager of the Business Promotion Department, Link-U Inc.		
			Dec. 2021	Director (Outside) of the Company (current position)		
			Feb. 2022	Director, CTO, General Manager of the 1st Business Division and General Manager of the Technical Research Office, Link-U Inc. (current position)		

Position	Name	Date of birth	Career history		Term of office	Shares held (shares)
Full-time Audit & Supervisory Board Member	Ryoji Arai	April 20, 1954	Apr. 1979 Jun. 2000 Jun. 2002 Jun. 2005 Apr. 2008 Apr. 2010 Mar. 2013 Sep. 2016 Jan. 2017 Feb. 2019	Joined The Norinchukin Bank Seconded to Kyodo Leasing Co., Ltd. (currently JA Mitsui Leasing, Ltd.) General Manager of Finance Division Returned to The Norinchukin Bank General Manager, Asset Audit Division, Operational Audit Division General Manager of Operating Planning and Management Division, The Norinchukin Bank Transferred to Nochu Information System Co., Ltd. Executive Officer and General Manager of Compliance Management Division Executive Officer and General Manager of General Affairs Division, Nochu Information System Co., Ltd. Full-time Audit & Supervisory Board Member, Ant Capital Partners Co., Ltd. Joined i-concept Inc. Joined AGS Consulting Co., Ltd., IPO Business Division Full-time Audit & Supervisory Board Member (Outside) of the Company (current position)	(Note) 3	19,200
Part-time Audit & Supervisory Board Member	Shinkichi Matsuo	January 9, 1969	Apr. 1991 Apr. 1993 Oct. 1995 Jul. 2010 Jul. 2018 Oct. 2018 Jun. 2019 Aug.2019	Joined Mitsubishi Electric Corporation Joined Yokohama City Government Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Partner, Ernst & Young ShinNihon LLC Established NextLeap Co., Ltd. Representative Director (current position) Part-time Audit & Supervisory Board Member (Outside) of the Company (current position) Seikagaku Corporation Part-time Audit & Supervisory Board Member (Outside) (current position) Takara Printing Co., Ltd. (currently TAKARA & COMPANY LTD.) Part-time Audit & Supervisory Board Member (Outside) (current position)	(Note) 3	-

Position	Name	Date of birth	Career history		Term of office	Shares held (shares)
Part-time Audit & Supervisory Board Member	Takahiro Sugawara	December 23, 1979	Apr. 2004 Apr. 2012 Aug. 2017 May. 2018 Jun. 2020 Dec. 2020 Dec. 2020	Representative Director of the former Eltes Co., Ltd. Established Eltes Co., Ltd. Representative Director (current position) Director, Eltes Security Intelligence Co., Ltd. (currently AIK Co., Ltd.) (current position) Representative Director, Eltes Capital Co., Ltd. (current position) Outside Director, gooddays holdings, Inc. (current position) Representative Director, JAPANDX Co., Ltd. (current position) Part-time Audit & Supervisory Board Member of the Company (current position)	(Note) 3	-
Total						71,543,200

(Notes)
1. Messrs. Nobutaka Ushigome and Tsuyoshi Yamada are outside directors; Messrs. Ryoji Arai, Shinkichi Matsuo, and Takahiro Sugawara are outside Audit & Supervisory Board members.
2. Until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within one (1) year from the conclusion of the General Meeting of Shareholders held on December 23, 2022.
3. Until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from the conclusion of the General Meeting of Shareholders held on December 23, 2022.
4. The Company has implemented a 2-for-1 stock split on October 1, 2022. The number of shares of the Company held by the officers is the number of shares after the stock split.
5. The number of shares held by Mr. Keiichi Shibahara, representative director, and CEO, includes the number of shares held by his asset management company, IDEA Capital.

2. Outside Directors and Outside Audit & Supervisory Board members

The Company has appointed two outside directors and three outside Audit & Supervisory Board members.

Nobutaka Ushigome, an outside director of the Company, has a wealth of experience and broad knowledge as a representative director of a company listed on the Standard market of the Tokyo Stock Exchange in an industry different from that of the Company, and the Company believes that he is suitable to serve as an outside director of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Tsuyoshi Yamada, an outside director of the Company, has a wealth of experience and broad knowledge as a director, CTO, and one of the founders of a company listed on the Prime market of the Tokyo Stock Exchange in an industry different from that of the Company, and the Company believes that he is suitable to serve as an outside director of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Ryoji Arai, an outside Audit & Supervisory Board member, has been in the financial industry for a long time and has a wealth of experience and a wide range of insight in the finance field, and the Company believes that he is suitable to serve as an outside Audit & Supervisory Board member of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He holds 88 stock acquisition rights (140,800 shares) of the Company, but other than that, he has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Shinkichi Matsuo, an outside Audit & Supervisory Board member, is a certified public accountant and a certified tax accountant and has considerable knowledge of finance and accounting. The Company believes that he is suitable to serve as an outside Audit & Supervisory Board member. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

Takahiro Sugawara, an outside Audit & Supervisory Board member, has a wealth of experience and broad insight as a business executive and founder of a company listed on the Growth market of the Tokyo Stock Exchange in the digital risk market, an industry different from that of the Company, and the Company believes that he is suitable to serve as an outside Audit & Supervisory Board member of the Company. In addition, the Company has designated him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange, Inc. and has notified the Tokyo Stock Exchange, Inc. of his designation. He has no personal, capital, or business relationships or other interests with the Company or its subsidiaries or with directors of the Company or its subsidiaries.

The Company has established a system under which outside directors and outside Audit & Supervisory Board members can be expected to monitor the Company’s management with their insight as managers of listed companies and experts in their respective fields, to discourage unfair or improper acts from an outside perspective, and to anticipate the demands of the times with an eye to the future.

The Company's outside directors and outside Audit & Supervisory Board members work together with the Internal Audit Office to audit compliance with laws, regulations, the Articles of Incorporation, and internal rules in each department. The Company believes that it is necessary for these positions to be as independent as possible so that problems can be highlighted, and improvement measures can be proposed during the audit. At present, the Company has not established any standards or policies regarding the independence of outside directors and outside Audit & Supervisory Board members. However, when appointing outside directors and outside Audit & Supervisory Board members, in addition to the requirements for outside directors and outside Audit & Supervisory Board members under the Companies Act, the Company considers their careers and relationships with the Company, establishing that there is no risk of a conflict of interest with general shareholders and that they can perform their duties independently of the Company’s management.

(3) Status of Audits

1) Status of Audits by Audit & Supervisory Board members

The Company has 3 outside Audit & Supervisory Board members, 1 of whom is full-time.

The Audit & Supervisory Board members attend all Board of Directors meetings to monitor the execution of duties by directors and strive to understand the appropriateness of audits by establishing opportunities for regular exchanges of opinions with the accounting auditor. The Audit & Supervisory Board meets monthly, and full-time Audit & Supervisory Board members report the results of on-site inspections and the agenda of management meetings to ensure that internal information is shared appropriately.

Mr. Shinkichi Matsuo, Audit & Supervisory Board member, is a certified public accountant and has considerable knowledge of finance and accounting.

The Company held the Audit & Supervisory Board 13 times during the current fiscal year, and the attendance status of each Audit & Supervisory Board member is as follows.

Name	Attendance
Ryoji Arai	13/13 times
Shinkichi Matsuo	13/13 times
Takahiro Sugawara	13/13 times

The Audit & Supervisory Board members mainly examine whether there are any wrongful acts or material facts that violate laws and regulations or the Articles of Incorporation in relation to the execution of duties by directors and employees and check the efficiency of various operations.

In addition, as an activity of a full-time Audit & Supervisory Board member, the full-time Audit & Supervisory Board member visits each department in the company to communicate with directors and employees, collects information, and verifies the above matters for consideration.

2) Status of Internal Audits

The Company has established the Internal Audit Office as a department directly under the control of the representative director to conduct internal audits of each department at the head office, offices nationwide, and subsidiaries to improve operational efficiency and prevent improprieties. The results of these audits are reported to the Representative Director and each director in an effort to establish a system that contributes to the improvement of operations. In addition, the Company has established a cooperative relationship by exchanging information with Audit & Supervisory Board members and the accounting auditor.

3) Status of Accounting Audits

a. Name of the audit corporation

PricewaterhouseCoopers Aarata LLC

b. Continuing audit period

6 years

c. Certified public accountants who performed the services

Designated limited liability Partner, Engagement Partner: Mr. Masaki Nitta

Designated limited liability Partner, Engagement Partner: Mr. Masanori Yagi

d. Composition of assistants for audit work

The assistants for audit work include 4 certified public accountants and 12 others including those who have passed the certified public accountant exam.

e. Selection policy and reasons for the audit corporation

The Company selects audit corporations based on their business execution and quality control systems, the appropriateness of their audit execution, and the level of their audit fees.

If the Audit & Supervisory Board determines that there is a hindrance to the execution of duties by the accounting auditor or otherwise that it is necessary to do so, the Audit & Supervisory Board shall decide on a proposal for the dismissal or non-reappointment of the accounting auditor, and the Board of Directors shall submit such proposal to the General Meeting of Shareholders based on such decision.

If the Audit & Supervisory Board finds that the accounting auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor with the unanimous consent of the Audit & Supervisory Board members. In this case, the Audit & Supervisory Board member selected by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and the reasons for the dismissal at the first general meeting of shareholders to be convened after the dismissal.

After consideration in accordance with the above policy, the Audit & Supervisory Board has reappointed PricewaterhouseCoopers Aarata LLC.

f. Evaluation of the audit corporation by the Audit & Supervisory Board and its members

The Company's Audit & Supervisory Board members and the Audit & Supervisory Board evaluate the audit corporation. This evaluation is based on a comprehensive assessment, considering compliance with the Companies Act and other related regulations, the business execution system and quality control system of the audit corporation, the appropriateness of the execution of audit work, and the level of audit fees.

(4) Details of Audit Compensation

a. Compensation to certified public accountants and others engaged in the accounting audit

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation for audit certification services (million yen)	Compensation for non-audit services (million yen)	Compensation for audit certification services (million yen)	Compensation for non-audit services (million yen)
Submitting company	33	3	33	-
Consolidated subsidiary	-	-	-	-
Total	33	3	33	-

(Note) The Company's non-audit services for the previous consolidated fiscal year consisted of the preparation of a comfort letter for a public offering of shares and advisory services regarding the establishment and evaluation of internal controls.

b. Compensation for certified public accountants and others who belong to the same network firm as the accounting auditor (excluding a.)

Not applicable.

c. Details of compensation for other important audit attestation services

Not applicable.

d. Policy for determining audit compensation

The Company's policy for determining audit fees paid to certified public accountants is to consider the audit plan, audit details, and the number of days of audit presented by the audit corporation, and to obtain the consent of the Audit & Supervisory Board.

e. Reasons for the Board of Audit & Supervisory Board members' consent to the compensation of the accounting auditor

We received an explanation of the audit plan from the accounting auditor and judged the contents, person-hours, among others, to be appropriate.

(4) Compensation of Directors and Audit & Supervisory Board members

1. Total Amount of Compensation by Category of Officers of the Submitting Company, Total Amount of Compensation by Type, and Number of Officers Covered

Officer category	Total amount of compensation (million yen)	Total compensation, by type (million yen)				Number of officers (people)
		Base compensation	Stock options	Bonuses	Retirement benefits	
Directors (excluding outside directors)	50	50	-	-	-	3
Outside directors	7	7	-	-	-	2
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	-	-	-	-	-	-
Outside Audit & Supervisory Board members	14	14	-	-	-	3

2. Total amount of compensation for each director of the submitting company

Individual compensation is not disclosed because no directors received total compensation of 100 million yen or more.

3. Details of the policy regarding the determination of the amount of compensation of officers and the method of calculation thereof, and the method of determination thereof

At the Ordinary General Meeting of Shareholders held on December 28, 2017, a resolution was passed that capped total compensation for directors of the Company at 100 million yen per year. The amount of compensation for each director consists of fixed compensation, which is determined by a resolution of the Board of Directors at the discretion of Representative Director Keiichi Shibahara, within the scope of total compensation approved by the General Meeting of Shareholders. To ensure that such authority of the representative director is exercised appropriately, determinations are made on condition that the report of the Nomination and Compensation Committee, which the Board of Directors consults, is respected.

The compensation of the Company's Audit & Supervisory Board members was resolved at the Extraordinary General Meeting of Shareholders held on February 15, 2019, to be within 30 million yen per year.

In addition, apart from the above compensation, the Company grants stock options to directors and Audit & Supervisory Board members by resolution of the General Meeting of Shareholders. For details, please refer to "D: Status of the Submitting Company, 1. Status of Shares, (2) Status of Stock Acquisition Rights."

(Directors)

At a Board of Directors meeting held on February 22, 2021, the Company resolved the decision policy concerning the details of compensation for each individual director. The Board of Directors has determined that the individual compensation of directors for the current fiscal year is consistent with the decision policy resolved at the Board of Directors meeting, as the method of determining the details of compensation and the details of compensation determined are consistent with the decision policy.

The following is a summary of the decision policy concerning the details of compensation for each director.

(A) Policy regarding determination of the amount of compensation for each director and the method of calculation

The compensation system for directors is designed to function sufficiently as an incentive for the sustainable enhancement of corporate value. The basic policy for determining the compensation of individual directors is to set an appropriate level based on the responsibilities of each position.

Compensation for executive directors is limited to basic compensation as fixed compensation, and outside directors, who are responsible for supervisory functions, are paid only basic compensation in consideration of their duties. In the future, in order to further clarify the Company's commitment to the sustainable enhancement of corporate value, the Company is considering that the compensation for executive directors should consist of performance-linked compensation and stock-based compensation, so that the compensation system is linked to shareholder interests.

(B) Policy regarding determination of the following matters among the individual compensation of directors

(a) Policy on the amount and calculation method of compensation by individual (other than performance-linked one and non-monetary one)

Basic compensation is determined by a resolution of the Board of Directors after consulting with the Nomination and Compensation Committee, an advisory body, and receiving a report within the total amount resolved at the General Meeting of Shareholders, based on the amount determined by position and by grade and title of director.

(b) Policy regarding determination of the details and amount or calculation method of performance-linked compensation and non-monetary compensation

The Company has not adopted performance-linked compensation or non-monetary compensation.

I Composition of compensation

Compensation for directors consists solely of basic compensation.

(C) Policy regarding determination of time or conditions for granting compensation to directors

Basic compensation is paid monthly as fixed monetary compensation during the term of office, and is determined promptly after the Ordinary General Meeting of Shareholders, taking into account the responsibilities of each position.

(D) Matters regarding the delegation of the determination of the details of individual compensation of directors to directors and other third parties

The amount of individual compensation for each director is delegated to Mr. Keiichi Shibahara, representative director and CEO, on the condition that the report of the Nomination and Compensation Committee is respected. The Nomination and Compensation Committee then deliberates on the level of compensation, and the representative director makes decisions on compensation after considering the content of the report. The reason for delegating these authorities is that the representative director is the most suitable person to evaluate the responsibilities of each director while having a bird's-eye view of the Company's overall performance. The compensation of directors for the current fiscal year was determined by Keiichi Shibahara, representative director, who was appointed by a resolution of the Board of Directors held on December 24, 2021, based on the report of the Nomination and Compensation Committee held on the same day.

(Audit & Supervisory Board members)

The compensation of each Audit & Supervisory Board member is determined by the Audit & Supervisory Board and consists of fixed compensation.

(5) Status of Shareholdings

1. Criteria and approaches for classification of investment shares

   Not applicable.

2. Investment shares held for purposes other than pure investment

   Not applicable.

3. Investment shares held for pure investment purposes

   Not applicable.

E: Status of Accounting

1. Method of Preparation of Consolidated and Non-Consolidated Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as the "Regulations for Consolidated Financial Statements").

(2) The non-consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as the "Regulations for Financial Statements.").
In addition, the Company falls under the category of a company submitting special financial statements and prepares financial statements in accordance with the provisions of Article 127 of the Regulations for Financial Statements.

2. About Audit Certification

The Company's consolidated and non-consolidated financial statements for the fiscal year from October 1, 2021 to September 30, 2022 have been audited by PricewaterhouseCoopers Aarata LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements

The Company is taking special measures to ensure the appropriateness of its consolidated financial statements. Specifically, the Company subscribes to financial and accounting journals and actively participates in seminars sponsored by organizations that provide specialized information in order to develop a system that enables the Company to properly grasp the content of accounting standards and other relevant standards and to respond appropriately to changes in accounting standards and other relevant standards.

1. Consolidated Financial Statements
(1) Consolidated Financial Statements
1) Consolidated Balance Sheets

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current Assets		
Cash and Deposits	11,192	11,342
Accounts Receivable	3,271	4,786
Inventories	7	11
Other	504	512
Allowance for Doubtful Accounts	(39)	(37)
Total Current Assets	14,937	16,614
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	*1,2 8,963	*1,2 14,322
Machinery, Equipment and Vehicles, Net	*1 4	*1 7
Tools, Furniture and Fixtures, Net	*1 107	*1 78
Leased Assets, Net	*1 3,646	*1 4,519
Land	*2 1,301	*2 1,404
Construction in Progress	1,211	2,279
Total Property, Plant and Equipment	15,234	22,612
Intangible Assets		
Goodwill	6	-
Other	21	43
Total Intangible Assets	28	43
Investments and Other Assets		
Leasehold and Guarantee Deposits	1,055	1,623
Deferred Tax Assets	292	406
Other	332	444
Total Investments and Other Assets	1,679	2,475
Total Non-Current Assets	16,942	25,131
Deferred Assets		
Share Issuance Cost	42	21
Total Deferred Assets	42	21
Total Assets	31,922	41,767

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current Liabilities		
Accounts Payable	42	66
Short-Term Borrowings	*3 1,373	*3 1,753
Current Portion of Long-Term Borrowings	*2 998	*2 1,645
Lease Obligations	80	101
Accounts Payable - Other and Accrued Expenses	979	1,400
Income Taxes Payable	1,069	1,272
Provision for Bonuses	368	550
Other	159	*4 271
Total Current Liabilities	5,072	7,063
Non-Current Liabilities		
Long-Term Borrowings	*2 6,596	*2 9,312
Lease Obligations	3,701	4,622
Asset Retirement Obligations	181	255
Net Defined Benefit Liability	5	10
Other	23	44
Total Non-Current Liabilities	10,508	14,245
Total Liabilities	15,580	21,308
Net Assets		
Shareholders' Equity		
Share Capital	5,838	5,866
Capital Surplus	5,808	5,836
Retained Earnings	4,696	8,757
Treasury Shares	(1)	(1)
Total Shareholders' Equity	16,341	20,459
Accumulated Other Comprehensive Income		
Remeasurements of Defined Benefit Plans	(0)	(0)
Total Accumulated Other Comprehensive Income	(0)	(0)
Total Net Assets	16,341	20,458
Total Liabilities and Net Assets	31,922	41,767

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net Sales	15,334	*1 23,072
Cost of Sales	9,029	13,385
Gross Profit	6,304	9,686
Selling, General and Administrative Expenses	*2 2,519	*2 3,554
Operating Profit	3,784	6,132
Non-Operating Income		
Subsidy Income	134	122
Gain on Bad Debts Recovered	5	1
Penalty Income	10	11
Miscellaneous Income	14	26
Total Non-Operating Income	164	161
Non-Operating Expenses		
Interest Expenses	151	210
Amortization of Share Issuance Cost	14	20
Miscellaneous Loss	4	2
Total Non-Operating Expenses	170	233
Ordinary Profit	3,779	6,060
Profit before Income Taxes	3,779	6,060
Income Taxes	1,306	1,895
Income Taxes-Deferred	(155)	(114)
Total Income Taxes	1,151	1,780
Profit	2,627	4,279
Profit Attributable to Non-Controlling Interests	-	-
Profit Attributable to Owners of Parent	2,627	4,279

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	2,627	4,279
Other Comprehensive Income		
Remeasurements of Defined Benefit Plans	(0)	0
Total Other Comprehensive Income	*1 (0)	*1 0
Comprehensive Income	2,627	4,279
(Details)		
Attributable to Owners of Parent	2,627	4,279
Attributable to Non-Controlling Interests	-	-

3) Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2021

(Unit: million yen)

	Shareholder's Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of current period	1,540	1,510	2,204	(0)	5,255
Changes during the period					
Dividends from surplus			(135)		(135)
Issuance of new shares	4,297	4,297			8,594
Profit attributable to owners of parent			2,627		2,627
Acquisition of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the period	4,297	4,297	2,492	(0)	11,085
Balance at the end of current period	5,838	5,808	4,696	(1)	16,341

	Accumulated Other Comprehensive Income		Total Net Assets
	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	
Balance at the beginning of current period	-	-	5,255
Changes during the period			
Dividends from surplus			(135)
Issuance of new shares			8,594
Profit attributable to owners of parent			2,627
Acquisition of treasury shares			(0)
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes during the period	(0)	(0)	11,085
Balance at the end of current period	(0)	(0)	16,341

Fiscal year ended September 30, 2022

(Unit: million yen)

	Shareholder's Equity				
	Share Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at the beginning of current period	5,838	5,808	4,696	(1)	16,341
Changes during the period					
Dividends from surplus			(218)		(218)
Issuance of new shares	28	28			56
Profit attributable to owners of parent			4,279		4,279
Acquisition of treasury shares				-	-
Net changes of items other than shareholders' equity					
Total changes during the period	28	28	4,060	-	4,117
Balance at the end of current period	5,866	5,836	8,757	(1)	20,459

	Accumulated Other Comprehensive Income		Total Net Assets
	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	
Balance at the beginning of current period	(0)	(0)	16,341
Changes during the period			
Dividends from surplus			(218)
Issuance of new shares			56
Profit attributable to owners of parent			4,279
Acquisition of treasury shares			-
Net changes of items other than shareholders' equity	0	0	0
Total changes during the period	0	0	4,117
Balance at the end of current period	(0)	(0)	20,458

4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before Income Taxes	3,779	6,060
Depreciation	531	828
Amortization of Goodwill	16	6
Increase (decrease) in Provision for Bonuses	132	182
Increase (decrease) in Allowance for Doubtful Accounts	(4)	(1)
Interest Income	(0)	(1)
Interest Expenses	151	210
Subsidy Income	(134)	(122)
Amortization of Share Issuance Cost	14	20
Decrease (increase) in Accounts Receivable	(1,293)	(1,514)
Decrease (increase) in Inventories	(2)	(3)
Decrease (increase) in Other Assets	(108)	59
Increase (decrease) in Accounts Payable	15	24
Increase (decrease) in Accounts Payable - Other and Accrued Expenses	270	445
Increase (decrease) in Other Liabilities	51	96
Other, Net	0	(0)
Subtotal	3,418	6,290
Interest and Dividends received	0	0
Interest paid	(145)	(206)
Proceeds from Subsidy	134	122
Income Taxes paid	(823)	(1,791)
Net cash provided by (used in) operating activities	2,584	4,415
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(5,362)	(7,118)
Purchase of Intangible Assets	(14)	(27)
Payments of Leasehold and Guarantee Deposits	(411)	(583)
Proceeds from Refund of Leasehold and Guarantee Deposits	36	1
Other, Net	(29)	(23)
Net cash provided by (used in) investing activities	(5,780)	(7,751)
Cash flows from financing activities		
Net increase (decrease) in Short-Term Borrowings	28	380
Proceeds from Long-Term Borrowings	4,890	4,573
Repayments of Long-Term Borrowings	(2,200)	(1,209)
Repayments of Lease Obligations	(77)	(95)
Proceeds from Issuance of Shares	8,548	56
Dividends paid	(135)	(218)
Other, Net	(0)	-
Net cash provided by (used in) financing activities	11,052	3,486
Net increase (decrease) in Cash and Cash Equivalents	7,856	150
Cash and Cash Equivalents at the beginning of period	3,335	11,192
Cash and Cash Equivalents at the end of period	*1 11,192	*1 11,342

(Notes)

(Significant Basis for the Preparation of Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries:

Two

Name of consolidated subsidiaries:

Amvis, Inc.

Ashitano Iryo, Inc.

2. Matters concerning accounting periods of consolidated subsidiaries

The settlement date of consolidated subsidiaries matches the consolidated settlement date.

3. Matters concerning accounting policies

(1) Depreciation method for important depreciable assets

1) Property, plant and equipment (excluding leased assets)

The declining-balance method is used. However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after September 1, 2013, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

The main useful lives are as follows:

Buildings and structures	2 to 47 years
Machinery, equipment and vehicles	2 to 3 years
Tools, furniture and fixtures	2 to 17 years

2) Intangible assets (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows:

Software (for internal use)	5 years (usable period within the Group)
Other	6 to 15 years

3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is used, where the lease period is deemed as the useful life and the residual value is set at zero.

(2) Accounting for significant deferred assets

Share issuance cost

Amortized using the straight-line method over an effective period of up to three years.

(3) Accounting standards for significant allowances and provisions

Allowance for doubtful accounts

To prepare for credit losses on receivables, an allowance for doubtful accounts is provided for the estimated uncollectible amount of receivables based on the historical write-off ratio for general receivables and on an individual assessment of the collectability of specific doubtful receivables.

Provision for bonuses

To provide for the payment of bonuses to employees, the Group records the estimated amount of bonus payments to employees and the amount of legal welfare expenses attributable to the current consolidated fiscal year borne by the Group.

(4) Method of accounting for retirement benefits

Method of attributing the estimated amount of retirement benefits to the period

In calculating the retirement benefit obligation, the Group uses the benefit calculation method for attributing the estimated amount of retirement benefits to the period up to the end of the current consolidated fiscal year.

The Company uses the simplified method, in which the amount to be paid at the end of the term for retirement benefits is regarded as the retirement benefit obligation.

Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a certain period (four years) from the consolidated fiscal year following the consolidated fiscal year in which they arise, which is within the average remaining years of service of eligible employees when the actuarial gains and losses arise in a consolidated fiscal year.

Unrecognized actuarial gains and losses are recorded within the remeasurements of defined benefit plans under the accumulated other comprehensive income in the net assets section after adjustment for tax effects.

(5) Significant revenue and expense recognition standards

The Group operates in a single business segment, the Ishinkan business, which provides home nursing care, home care, and other services to patients with high medical dependency.

These services are performance obligations to be satisfied over a certain period based on contracts with customers, and the Group is entitled to receive from customers the amount of consideration that directly corresponds to the value to the customer of the portion of the obligations that have been satisfied to date. Therefore, in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (The Accounting Standards Board of Japan (hereinafter referred to as the "ASBJ") Guidance No. 30, March 26, 2021), the Group recognizes revenue mainly in the amount it is entitled to receive, such as the amount of medical service fees under medical insurance and care fees under care insurance.

As considerations for transactions are received within two months after satisfying performance obligations, significant financing components are not included.

Also, transaction prices are based on contract prices with customers, and there is no variable consideration or discounting.

(6) Amortization method and period of goodwill

Goodwill is amortized in equal amounts over its effective period (five years).

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, bank deposits that can be withdrawn at any time, items that can be easily converted into cash and bear only a minor risk of fluctuation in value, and short-term investments with a maturity of three months or less from the date of acquisition.

(8) Other important matters for the preparation of consolidated financial statements

Accounting treatment of consumption taxes

Non-deductible consumption taxes are recorded in selling, general and administrative expenses as incurred, except for the portion related to property, plant and equipment (PP&E). Non-deductible consumption taxes related to PP&E are included as part of the PP&E value and depreciated over the useful life of the PP&E.

Impairment loss on fixed assets

For business assets, each facility is grouped as the smallest unit that generates independent cash flows, and the Group determines whether an indicator of impairment of fixed assets exists, recognizes and measures an impairment loss. There is no applicable information for idle assets.

(Significant Accounting Estimates)

Not applicable.

(Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition and other related standards

The Group began applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") and other related standards at the beginning of the current consolidated fiscal year. Accordingly, when control of any promised goods or services is transferred to customers, revenue is recognized in the amount expected to be received in exchange for said goods or services. The application of the Revenue Recognition Accounting Standard and other related standards is in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current consolidated fiscal year, was added to or subtracted from the beginning balance of retained earnings of the current consolidated fiscal year, and thus the new accounting policy was applied, having started from the said beginning balance. The changes in accounting policies have no impact on the consolidated financial statements.

The Group has made no reclassification for the previous consolidated fiscal year by using the new method of presentation in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard. Furthermore, the Group does not state "Notes (Revenue Recognition)" for the previous consolidated fiscal year in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Accounting Standard.

Application of Accounting Standard for Fair Value Measurement and other related standards
The Group began applying the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard") and other related standards at the beginning of the current consolidated fiscal year. The Group has decided to apply the new accounting policies outlined in the Fair Value Measurement Accounting Standard and other related standards for the foreseeable future in accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The changes in accounting policies have no impact on the consolidated financial statements.
In addition, in the "Notes (Financial Instruments)," the Group has decided to provide notes on items such as the breakdown of the fair value of financial instruments by level. However, in accordance with the transitional treatment stipulated in paragraph 7-4 of the "Implementation Guidance on Disclosure about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020), those notes relating to the previous consolidated fiscal year are not presented.

(Changes in Method of Presentation)
Not applicable.

(Consolidated Balance Sheets)
*1. Accumulated depreciation of property, plant and equipment

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Buildings and structures	530	1,140
Machinery, equipment and vehicles	32	47
Tools, furniture and fixtures	146	184
Leased assets	336	482
Total	1,046	1,854

*2. Pledged assets and secured liabilities
Assets pledged as collateral and secured liabilities are as follows:

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Buildings and structures	6,541	11,098
Land	1,070	1,404
Total	7,612	12,503

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Long-term borrowings (including current portion)	6,670	9,765

*3. Overdraft agreements and unused lines of credit
The Company and its consolidated subsidiary (Amvis, Inc.) have overdraft agreements with 12 banks (11 banks in the previous consolidated fiscal year) to efficiently procure capital and operating funds. The balance of unused lines of credit is as follows.

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Overdraft limit	3,100	2,918
Borrowing balance	1,177	1,188
Balance	1,923	1,730

*4. Contract liabilities

Contract liabilities, which are included in "other" of the current liabilities, are presented in "Notes (Revenue Recognition), 3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current consolidated fiscal year and are expected to be recognized in the following consolidated fiscal year or later, (1) Balance of contract assets and contract liabilities."

(Consolidated Statements of Income)

*1. Revenue from contracts with customers

Net sales consist solely of revenues arising from contracts with customers. There are no other revenues.

*2. Major items and amounts of selling, general and administrative expenses are as follows.

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Personnel expenses	949	1,357
(Of which, provision for bonuses)	65	103
Recruiting expenses	283	554
Supplies expenses	230	331
Non-deductible consumption taxes	250	346
Provision of allowance for doubtful accounts	20	16

(Consolidated Statements of Comprehensive Income)

*1. Reclassification adjustments and tax effect related to other comprehensive income

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Remeasurements of defined benefit plans		
Gain or loss in the current period	(0)	(0)
Reclassification adjustment	-	0
Before tax effect adjustment	(0)	0
Tax effect	0	(0)
Remeasurements of defined benefit plans	(0)	0
Total other comprehensive income or loss	(0)	0

(Consolidated Statements of Changes in Net Assets)

Fiscal year ended September 30, 2021

1. Matters concerning the type and total number of shares issued and the type and number of shares of treasury shares

Type of shares	As of October 1, 2020	Increase	Decrease	As of September 30, 2021
Shares issued Common share (shares)	22,522,000	1,758,000	-	24,280,000
Treasury shares Common share (shares)	120	108	-	228

(Notes) 1. The increase of common shares issued is due to the following reasons.
Increase due to capital increase by public offering: 1,500,000 shares
Increase due to issuance of new shares upon exercise of stock acquisition rights: 258,000 shares
2. The increase of common shares of treasury shares is due to the following reasons.
Increase due to purchase of odd-lot shares: 108 shares

2. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 25, 2020	Common share	135	6.00	September 30, 2020	December 28, 2020

(Note) The Company implemented a 2-for-1 stock split of common share on April 1, 2020.

(2) Dividends for which the record date belongs to the current consolidated fiscal year, but the effective date comes after the current consolidated fiscal year

To be resolved	Type of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 24, 2021	Common share	Retained earnings	218	9.00	September 30, 2021	December 27, 2021

Fiscal year ended September 30, 2022

1. Matters concerning the type and total number of shares issued and the type and number of shares of treasury shares

Type of shares	As of October 1, 2021	Increase	Decrease	As of September 30, 2022
Shares issued Common share (shares)	24,280,000	24,637,600	-	48,917,600
Treasury shares Common share (shares)	228	228	-	456

(Notes) 1. The Company has implemented a 2-for-1 stock split on January 1, 2022.
2. The increase of common shares issued is due to the following reasons.
Increase due to issuance of new shares upon exercise of stock acquisition rights: 357,600 shares
Increase due to stock split: 24,280,000 shares
3. The increase of common shares of treasury shares is due to the following reason.
Increase due to stock split: 228 shares
4. The Company has implemented a 2-for-1 stock split on October 1, 2022. The stock split is not taken into account about the number of common shares of shares issued and treasury shares.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 24, 2021	Common share	218	9.00	September 30, 2021	December 27, 2021

(2) Dividends for which the record date belongs to the current consolidated fiscal year, but the effective date comes after the current consolidated fiscal year

To be resolved	Type of shares	Source of dividends	Total dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on December 23, 2022	Common share	Retained earnings	293	6.00	September 30, 2022	December 26, 2022

(Notes) 1. The Company has implemented a 2-for-1 stock split on January 1, 2022.

2. The Company has implemented a 2-for-1 stock split on October 1, 2022. The stock split is not taken into account about dividends per share.

(Consolidated Statements of Cash Flows)

*1. Cash and cash equivalents at the end of the fiscal year are reconciled to the accounts reported in the consolidated balance sheets as follows:

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash and deposits	11,192	11,342
Cash and cash equivalents	11,192	11,342

2. Details of significant non-cash transactions

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Assets and liabilities related to finance lease transactions	539	1,031
Recorded amount of asset retirement obligations	71	73

(Lease Transactions)

1. Finance lease transactions

(Lessee's side)

Finance lease transactions that do not transfer ownership

1) Details of leased assets

Property, plant and equipment

Mainly consist of buildings and facilities for nursing homes in the Ishinkan business.

2) Depreciation method for leased assets

Depreciation method for leased assets is referred in "Notes (Significant Basis for the Preparation of Consolidated Financial Statements), 3. Matters concerning accounting policies, (1) Depreciation method for important depreciable assets."

2. Operating lease transactions

(Lessee's side)

Future minimum lease payments related to non-cancellable operating leases

	As of September 30, 2021	As of September 30, 2022
Within one year	444 million yen	489 million yen
Over one year	4,081 million yen	4,682 million yen
Total amount	4,525 million yen	5,172 million yen

(Financial Instruments)

1. Matters concerning the status of financial instruments

1) Policy on Financial Instruments

The Group procures necessary funds through bank loans based on capital investment plans mainly for conducting the Ishinkan business. Surplus funds are managed by limiting short-term investments to deposits, and so on, and long-term investments to highly secure financial assets. Investment decisions are based on safety (certainty of payment of principal and interest), liquidity (restrictions on or ease of redemption) and profitability (interest, dividends and other income). It is the Group's policy not to engage in credit transactions or derivative transactions.

2) Description of financial instruments and their risks

The user portion of accounts receivable as operating receivables is exposed to the credit risk of the user. Leasehold and guarantee deposits are mainly pledged in connection with lease contracts related to the Ishinkan business, and are exposed to the credit risk of client companies.

Payables, such as accounts payable, accounts payable – other and accrued expenses, are generally due within one month. Borrowings and lease obligations related to finance leases are mainly for the purpose of establishing facilities, and their redemption dates are up to 32 years after the consolidated settlement date. Some of the borrowings are exposed to the risk of interest rate fluctuations.

3) Risk management system for financial instruments

(a) Management of credit risk (risk related to non-performance of contracts by counterparties, etc.)

The Group strives to reduce risks associated with operating receivables, leasehold and guarantee deposits by managing due dates and balances for each customer.

The maximum amount of credit risk as of the consolidated settlement date of the current fiscal year is represented by the balance sheets value of the financial assets exposed to credit risk.

(b) Management of liquidity risk related to fund procurement (risk of being unable to make payments on due dates)

The Group manages liquidity risk by having the Finance Department prepare and update cash flow plans in a timely manner based on reports from each department, and by maintaining liquidity on hand.

4) Supplementary explanation of matters concerning the fair value of financial instruments

Since variable factors are incorporated in the calculation of fair values of financial instruments, such values may fluctuate due to the adoption of different assumptions and other factors.

2. Matters Concerning the Fair Value of Financial Instruments
Carrying value on the consolidated balance sheets, fair value and the difference between the two are as follows.

As of September 30, 2021

	Carrying value (million yen)	Fair value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	72	72	-
Total assets	72	72	-
(1) Long-term borrowings (*2)	7,594	7,597	2
(2) Lease obligations (*2)	3,782	3,130	(651)
Total liabilities	11,376	10,727	(649)

(*1) Since cash and deposits, accounts receivable, accounts payable, accounts payable - other and accrued expenses and short-term borrowings are cash or settled in the short term, their fair value approximates their carrying value and therefore notes regarding their fair value are omitted.
(*2) Current portion of long-term borrowings and lease obligations are included in the above figures.
(*3) Of Leasehold and guarantee deposits, those whose redemption dates cannot be predicted are not included in "(1) Leasehold and guarantee deposits" because it is recognized to be extremely difficult to determine their fair value. The carrying value of such financial instruments on the consolidated balance sheets is as follows.

Category	As of September 30, 2021 (million yen)
Leasehold and guarantee deposits	982

As of September 30, 2022

	Carrying value (million yen)	Fair value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	1,623	1,598	(25)
Total assets	1,623	1,598	(25)
(1) Long-term borrowings (*2)	10,958	10,976	17
(2) Lease obligations (*2)	4,724	5,077	353
Total liabilities	15,682	16,053	371

(*1) Since cash and deposits, accounts receivable, accounts payable, accounts payable - other and accrued expenses, short-term borrowings and income taxes payable are cash or settled in the short term, their fair value approximates their carrying value and therefore notes regarding their fair value are omitted.
(*2) Current portion of long-term borrowings and lease obligations are included in the above figures.

(Notes)
1. Scheduled redemption amounts of monetary receivables after the consolidated settlement date

As of September 30, 2021

	Within 1 year (million yen)	Over 1 to 5 years (million yen)	Over 5 to 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	11,192	-	-	-
Accounts receivable	3,271	-	-	-
Leasehold and guarantee deposits	-	72	-	-
Total	14,463	72	-	-

As of September 30, 2022

	Within 1 year (million yen)	Over 1 to 5 years (million yen)	Over 5 to 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	11,342	-	-	-
Accounts receivable	4,786	-	-	-
Leasehold and guarantee deposits	75	8	-	1,539
Total	16,204	8	-	1,539

2. Scheduled repayment amounts of short-term borrowings, long-term borrowings and lease obligations after the consolidated settlement date

As of September 30, 2021

	Within 1 year (million yen)	Over 1 to 2 years (million yen)	Over 2 to 3 years (million yen)	Over 3 to 4 years (million yen)	Over 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	1,373	-	-	-	-	-
Long-term borrowings	998	1,007	1,050	1,000	944	2,592
Lease obligations	80	81	83	86	88	3,361
Total	2,452	1,088	1,134	1,087	1,032	5,953

As of September 30, 2022

	Within 1 year (million yen)	Over 1 to 2 years (million yen)	Over 2 to 3 years (million yen)	Over 3 to 4 years (million yen)	Over 4 to 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	1,753	-	-	-	-	-
Long-term borrowings	1,645	1,728	1,678	1,621	1,610	2,674
Lease obligations	101	105	108	111	115	4,181
Total	3,500	1,833	1,786	1,733	1,725	6,855

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety at the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value in the consolidated balance sheets

Not applicable.

(2) Financial instruments other than those measured at fair value in the consolidated balance sheets

Category	Fair value (million yen)			
	Level1	Level2	Level3	Total
Leasehold and guarantee deposits	-	1,598	-	1,598
Total assets	-	1,598	-	1,598
Long-term borrowings (including current portion)	-	10,976	-	10,976
Lease obligations (including current portion)	-	5,077	-	5,077
Total liabilities	-	16,053	-	16,053

(Note) A description of the valuation techniques and inputs used in the fair value measurements

Leasehold and guarantee deposits
The fair value is calculated based on the present value of future cash flows discounted by an appropriate index such as the yield of government bonds and is classified as Level 2 fair value.
The "carrying value" and "fair value" include the portion of the leasehold and guarantee deposits that is not expected to be collected in the future (unamortized balance of asset retirement obligations).

Long-term borrowings (including current portion) and lease obligations (including current portion)
The fair value is calculated based on the present value of the total principal and interest discounted at the interest rate that would be applied if similar borrowings or lease transactions were newly entered into and is classified as Level 2 fair value.

(Retirement Benefits)
1. Outline of the retirement benefit plan adopted by the Group
The Company and its consolidated subsidiaries have a lump-sum retirement benefit plan based on the length of service as an unfunded defined benefit plan.

2. Defined benefit plans (other than those that use the simplified method)
1) Adjustment of the beginning and ending balances of the retirement benefit obligation
(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Beginning balance of retirement benefit obligation	2	5
Service cost	2	4
Interest cost	0	0
Actuarial gain and loss	-	0
Payment of retirement benefits	(0)	(0)
Ending balance of retirement benefit obligation	5	10

2) Adjustment of ending balance of retirement benefit obligation and net defined benefit liability on the consolidated balance sheets

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Retirement benefit obligation for unfunded plans	5	10
Net obligation and assets posted on the consolidated balance sheets	5	10
Net defined benefit liability	5	10
Net liability and assets recorded on the consolidated balance sheets	5	10

3) Retirement benefit expenses

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Service cost	2	4
Interest cost	0	0
Amortization of actuarial gain and loss	-	0
Retirement benefit expenses for defined benefit pension plan	2	4

4) Remeasurements of defined benefit plans (prior to tax effect deduction)

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Actuarial gain and loss	(0)	0

5) Cumulative remeasurements of defined benefit plans (prior to tax effect deduction)

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Unrecognized actuarial gain and loss	(0)	(0)

6) Matters concerning basic items for calculating actuarial differences
Major basis of calculating actuarial differences

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Discount rate	0.24 %	0.50 %

(Stock Options)

1. Amount and account of expenses for stock options
   Not applicable.

2. Description, scale and changes in stock options
   1) Description of stock options

	Series 4 Stock Acquisition Rights
Company	Submitting company
Date of resolution	July 3, 2018
Classification and number of people to be granted	Two directors of the Company One Audit & Supervisory Board member of the Company 13 employees of the Company
Type and number of shares granted (Note)	Common share, 576,000 shares
Date of grant	September 25, 2018
Vesting conditions	The Company's shares must be listed on one of the financial instruments exchanges, and the person must hold one of the following positions on the date of exercise: director, executive officer, Audit & Supervisory Board member, advisor or employee of the Company, or director, executive officer, Audit & Supervisory Board member, advisor or employee of a consolidated subsidiary of the Company, or outside collaborator. However, this shall not apply if the Board of Directors approves.
Service period	No service period is specified.
Exercise period	From July 25, 2021 to June 30, 2028

	Series 5 Stock Acquisition Rights
Company	Submitting company
Date of resolution	June 17, 2019
Classification and number of people to be granted	One Audit & Supervisory Board member of the Company 82 employees of the Company
Type and number of shares granted (Note)	Common share, 1,182,400 shares
Date of grant	June 28, 2019
Vesting conditions	The Company's shares must be listed on one of the financial instruments exchanges, and the person must hold one of the following positions on the date of exercise: director, executive officer, Audit & Supervisory Board member, advisor or employee of the Company, or director, executive officer, Audit & Supervisory Board member, advisor or employee of a consolidated subsidiary of the Company, or outside collaborator. However, this shall not apply if the Board of Directors approves.
Service period	No service period is specified.
Exercise period	From July 1, 2022 to May 31, 2029

(Note) The Company implemented a 200-for-1 stock split of common share on July 31, 2019, a 2-for-1 stock split of common share on April 1, 2020, a 2-for-1 stock split of common share on January 1, 2022 and a 2-for-1 stock split of common share on October 1, 2022. Figures are calculated based on the number of shares after the stock splits.

2) Scale of stock options and changes in the scale

Stock options that existed during the current consolidated fiscal year are covered, and the number of stock options is converted into the number of shares.

(a) Number of stock options

	Series 4 Stock Acquisition Rights	Series 5 Stock Acquisition Rights
Company	Submitting company	Submitting company
Date of resolution	July 3, 2018	June 17, 2019
Before vesting rights (shares)		
Previous consolidated fiscal year end	-	993,600
Granted	-	-
Lapsed	-	11,200
Vesting	-	982,400
Pending unsettled balance	-	-
After vesting of rights (shares)		
Previous consolidated fiscal year end	8,000	-
Vesting	-	982,400
Exercise of a right	-	715,200
Lapses	-	-
Outstanding (shares)	8,000	267,200

(Note) The Company implemented a 200-for-1 stock split of common share on July 31, 2019, a 2-for-1 stock split of common share on April 1, 2020, a 2-for-1 stock split of common share on January 1, 2022 and a 2-for-1 stock split of common share on October 1, 2022. Figures are calculated based on the number of shares after the stock splits.

(b) Unit price information

	Series 4 Stock Acquisition Rights	Series 5 Stock Acquisition Rights
Company	Submitting company	Submitting company
Date of resolution	July 3, 2018	June 17, 2019
Exercise price (yen) (Note)	6	79
Average share price at the time of exercise (yen)	-	2,522
Fair valuation unit price at grant date (shares)	-	-

(Note) The Company implemented a 200-for-1 stock split of common share on July 31, 2019, a 2-for-1 stock split of common share on April 1, 2020, a 2-for-1 stock split of common share on January 1, 2022 and a 2-for-1 stock split of common share on October 1, 2022. Figures are calculated based on the number of shares after the stock splits.

3. Estimation method of fair valuation unit price for stock options

As the Company was unlisted at the time the stock options were granted, the fair valuation unit price of the stock options was estimated based on an estimate of the intrinsic value per unit, which was calculated using a combination of the net asset value method and the comparable industry method.

4. Estimation method for the number of stock options vested

Since it is difficult to make a reasonable estimate of the number of lapses in the future, the Group adopts a method that reflects only the actual number of lapses.

5. Total intrinsic value as of the end of the current consolidated fiscal year in the case where the calculation is based on the intrinsic value per unit of stock options and the total of intrinsic value as of the date of exercise of stock options exercised as of the end of the current consolidated fiscal year.

1) Total intrinsic value at the end of the current consolidated fiscal year
650 million yen

2) Total intrinsic value of stock options exercised during the current consolidated fiscal year as of the date of exercise
1,752 million yen

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Deferred tax assets		
Unpaid enterprise tax	113	141
Provision for bonuses	127	190
Asset retirement obligations	55	78
Allowance for doubtful accounts	13	12
Accounts payable – other and accrued expenses	4	5
Accrued expenses for specific treatment improvement	37	53
Deferred consumption tax	12	8
Tax loss carryforwards	0	-
Others	7	14
Subtotal of deferred tax assets	373	503
Valuation allowance for total future deductible temporary differences	(13)	(9)
Valuation allowance for tax loss carryforwards	(0)	-
Subtotal of valuation allowance	(13)	(9)
Total deferred tax assets	360	494
Deferred tax liabilities		
Removal costs corresponding to asset retirement obligations	(51)	(71)
Effect of changes in accounting policies	(16)	(15)
Others	-	(0)
Total deferred tax liabilities	(68)	(87)
Net deferred tax assets	292	406

2. Breakdown by major item of the difference between the statutory effective tax rate and the effective income tax rate after the application of tax effect accounting, when there is a significant difference between the two rates.

(Unit: %)

	As of September 30, 2021	As of September 30, 2022
Statutory effective tax rate	30.6	30.6
(Adjustment)		
Equal division of municipal tax	0.2	0.2
Tax credits through the tax system for wage increases and productivity improvements	(5.1)	-
Tax credits through the tax system for promotion of securing human resources	-	(4.9)
Increase or decrease in valuation allowance	(0.8)	(0.1)
Difference in tax rate applied to subsidiaries	4.0	3.9
Tax withholding allowances	2.0	-
Others	(0.4)	(0.4)
Effective income tax rate after the application of tax effect accounting	30.5	29.4

(Asset Retirement Obligations)

Asset retirement obligations recorded on the consolidated balance sheets

1) Outline of the asset retirement obligations

These expenses mainly consist of restoration costs associated with the real estate lease contract for the Ishinkan business.

2) Calculation method for the amount of the relevant asset retirement obligations

The expected usage period is estimated to be 22–47 years, which is the useful life of the acquired assets, and the amount of asset retirement obligations is calculated using discount rates of 0.443–1.497%, which are estimated based on government bond interest rates.

3) Increase or decrease in the total of the asset retirement obligations

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Beginning balance	109	181
Increase due to acquisition of Property, plant, and equipment	71	72
Adjustment due to passage of time	0	1
Ending balance	181	255

For contracts in which the estimated cost of restoring a vacated property to its original state does not exceed the amount of leasehold and guarantee deposits, the amount of the estimated cost of restoring the property to its original state that is attributable to the current consolidated fiscal year is directly deducted from the leasehold and guarantee deposits and recorded as an expense instead of recording a liability for asset retirement obligations.

The amount that is attributable to the previous consolidated fiscal year is 6 million yen, and the amount of leasehold and guarantee deposits for which recovery is not expected at the end of the previous consolidated fiscal year is 243 million yen.

The amount that is attributable to the current consolidated fiscal year is 13 million yen, and the amount of leasehold and guarantee deposits for which recovery is not expected at the end of the current consolidated fiscal year is 478 million yen.

(Revenue Recognition)

1. Information that disaggregates revenue arising from contracts with customers

The Group operates in a single business segment, the Ishinkan business, which provides home nursing care, home care, and other services to patients with high medical dependency. The revenue in the Ishinkan business has a three-tier structure that primarily consists of medical service fees and care fees received through the provision of these services and other revenues such as rent, management fees, food expenses and others received from patients, which are mostly composed of insurance fee such as medical service fees and care fees.

As a result, the Group does not provide information that breaks down revenue from contracts with customers, as there are no factors that have a significant effect on the nature, amount, timing, or uncertainty of revenue and cash flows.

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is omitted because the same information is presented in “Notes (Significant Basis for the Preparation of Consolidated Financial Statements), 3. Matters concerning accounting policies, (5) Significant revenue and expense recognition standards.”

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current consolidated fiscal year and are expected to be recognized in the following consolidated fiscal year or later

(1) Balance of contract assets and contract liabilities

	Beginning of current fiscal year	End of current fiscal year
Receivables from contracts with customers	3,271 million yen	4,786 million yen
Contract assets	- million yen	- million yen
Contract liabilities	0 million yen	4 million yen

(Note) The Group recognizes contract liabilities for advances received from customers, which are reclassified to revenue when the performance obligations under contracts are satisfied. Contract liabilities are primarily consideration received from customers prior to the satisfaction of performance obligations related to service provision transactions, such as home nursing care and home care services, and are included in "Other" under current liabilities in the consolidated balance sheets. The amount of revenue recognized in the current consolidated fiscal year from performance obligations satisfied in prior periods was not significant.

(2) Transaction price allocated to remaining performance obligations

The services provided by the Group are mainly based on contracts that bill based on the amount of medical service fees and care fees calculated based on the home nursing care and home care services provided, and there are no significant transactions with customers where the initially expected terms of the contracts with customers exceed one year. Therefore, the total amount allocated to the remaining performance obligations and the period over which revenue is expected to be recognized are omitted. There are no significant amounts of consideration from contracts with customers that are not included in the transaction price.

(Segment Information)

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Related Information

Fiscal year ended September 30, 2021

1. Information by product and service

This information is omitted because sales to external customers in a single product/service category account for more than 90% of net sales in the statement of income.

2. Information by region

1) Net sales

This information is omitted because the Group has no sales to external customers outside Japan.

2) Property, plant and equipment

This information is omitted because the Group has no property, plant and equipment located outside Japan.

3. Information by major customer

(Unit: million yen)

Name	Net sales
Kanagawa National Health Insurance Federation	3,130
Social Insurance Medical Fee Payment Fund	1,720
Saitama National Health Insurance Federation	1,508

(Note) Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Fiscal year ended September 30, 2022

1. Information by product and service

   This information is omitted because sales to external customers in a single product/service category account for more than 90% of net sales in the statement of income.

2. Information by region

   1) Net sales

      This information is omitted because the Group has no sales to external customers outside Japan.

   2) Property, plant and equipment

      This information is omitted because the Group has no property, plant and equipment located outside Japan.

3. Information by major customer

(Unit: million yen)

Customer	Net sales
Kanagawa National Health Insurance Federation	4,490
Saitama National Health Insurance Federation	2,457
Social Insurance Medical Fee Payment Fund	2,422

(Note) Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Information about impairment loss on fixed assets by segment

Not applicable.

Information on amortization and unamortized balance of goodwill by segment

Segment information is omitted because the Group operates in a single business segment, the Ishinkan business.

Information on the gain on negative goodwill by segment

Not applicable.

(Related Party Information)

1. Transactions with related parties

   Not applicable.

2. Notes on parent company or important affiliates

   Not applicable.

(Per Share Information)

(Unit: yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net assets per share	168.26	209.12
Earnings per share	28.08	44.03
Diluted earnings per share	27.51	43.63

(Notes) 1. The Company has implemented a 2-for-1 stock split on January 1, 2022 and a 2-for-1 stock split on October 1, 2022. Therefore, net assets per share, earnings per share and diluted earnings per share are calculated as if the stock splits had been implemented at the beginning of the previous fiscal year.

2. The basis for calculating earnings per share and diluted earnings per share are as follows.

Item	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Earnings per share		
Profit attributable to owners of parent (million yen)	2,627	4,279
Profit not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent attributable to common shareholders (million yen)	2,627	4,279
Average number of common shares outstanding during the period (shares)	93,580,079	97,203,278
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (million yen)	-	-
Increase in number of common shares (shares)	1,936,738	881,371
(Number of stock acquisition rights included in the increase) (shares)	(1,936,738)	(881,371)
Outline of latent shares not included in the calculation of diluted earnings per share due to the absence of dilutive effect	-	-

3. The basis for calculating net assets per share is as follows.

Item	As of September 30, 2021	As of September 30, 2022
Total net assets (million yen)	16,341	20,458
Amount to be deducted from total net assets (million yen)	-	-
Net assets pertaining to common stock at the end of the period (million yen)	16,341	20,458
Number of shares of common stock used for the calculation of net assets per share at the end of the period (shares)	97,119,088	97,834,288

(Significant Subsequent Events)

Common stock split

The Company has implemented a common stock split and partially amended the Articles of Incorporation on October 1, 2022 based on a resolution of the Board of Directors meeting held on August 10, 2022.

(1) Purpose of the Stock Split

The purpose of the stock split is to improve the liquidity of the Company's stock and expand its investor base by reducing the stock price per investment unit.

(2) Method of the Stock Split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2022 has been split into two shares.

(3) Increase in Shares Due to the Stock Split

Total number of issued shares prior to the stock split:	48,917,600 shares
Increase in shares due to the stock split:	48,917,600 shares
Total number of issued shares following the stock split:	97,835,200 shares
Total number of authorized shares following the stock split:	320,000,000 shares

(4) Schedule of the Stock Split

Public notice of record date:	September 8, 2022
Record date:	September 30, 2022
Effective date:	October 1, 2022

(5) Impact on Per Share Information

Per share information assuming that the stock split was implemented at the beginning of the previous consolidated fiscal year is referred in the relevant section.

(6) Partial Amendment to the Articles of Incorporation Relating to the Stock Split

(a) Reason for the amendment

In conjunction with the stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, by resolution of the Board of Directors on August 10, 2022, the Company has amended Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective October 1, 2022.

(b) Details of the amendment

The details of the amendment are as follows.

(Amendment is underlined)

Current Articles of Incorporation	Articles of Incorporation after Amendment
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>320,000,000</u> shares.

(c) Schedule of the amendment

Effective date: October 1, 2022

(7) Other

(a) Change in the amount of stated capital

The amount of stated capital has not changed as a result of this stock split.

(b) Adjustment of the exercise price per share of the stock acquisition rights

Following the above stock split, the exercise price per share of the stock acquisition rights issued by the Company has been adjusted as follows, effective October 1, 2022.

Stock Acquisition Rights	Exercise Price before Adjustment	Exercise Price after Adjustment
Series 4 Stock Acquisition Rights	12 yen	6 yen
Series 5 Stock Acquisition Rights	158 yen	79 yen

Capital Reduction

The Company resolved, at a Board of Directors meeting held on November 21, 2022 to submit a proposal to reduce its amount of share capital at the sixth ordinary general meeting of shareholders on December 23, 2022. This proposal was approved at the meeting of shareholders.

(1) Purpose of the Capital Reduction

In order to reduce the burden of accumulated earnings taxes by qualifying as a small- and medium-sized corporation under the Corporation Tax Law and to secure options for medium- to long-term shareholder returns, the Company plans to reduce the amount of its share capital in accordance with Article 447, Paragraph 1 of the Companies Act. The Company's basic policy is to distribute profits to shareholders through the stable payment of dividends, focusing on total shareholder return, by taking into account factors including the market environment, regulatory changes, and financial soundness.

There will be no change in the total number of shares outstanding and in the amount of net assets. Also, there will be no impact on the number of shares held by its shareholders or the amount of net assets per share.

(2) Details of the Capital Reduction

(a) Amount of capital reduction

The amount of share capital will be reduced from 5,866 million yen to 50 million yen by transferring 5,816 million yen.

The amount of share capital and amount of share capital after the reduction may change due to the exercise of stock acquisition rights issued by the Company by the effective date of the capital reduction and other factors.

(b) Method of the capital reduction

The share capital will be reduced without any compensation, and the total number of shares outstanding will not be changed. The entire amount of reduced share capital will be transferred to other capital surplus.

(3) Schedule of the Capital Reduction

(a) Resolution date at Board of Directors meeting	November 21, 2022
(b) Resolution date at ordinary general meeting of shareholders	December 23, 2022
(c) Final date for objections of creditors	January 24, 2023
(d) Effective date	January 31, 2023

5) Consolidated supplementary schedules

(Schedule of Bonds)
Not applicable.

(Schedule of Borrowings, etc.)

	Balance as of October 1, 2021 (million yen)	Balance as of September 30, 2022 (million yen)	Average interest rate (%)	Repayment term
Short-term borrowings	1,373	1,753	0.41	-
Current portion of long-term borrowings	998	1,645	0.47	-
Current portion of lease obligations	80	101	3.10	-
Long-term borrowings (excluding current portion)	6,596	9,312	0.46	From October 2023 to December 2030
Lease obligations (excluding current portion)	3,701	4,622	3.37	From October 2023 to March 2055
Total	12,749	17,435	-	-

(Notes) 1. “Average interest rate” is the weighted average interest rate on the balance of borrowings, etc., at the end of the fiscal year.
2. Total amount of long-term borrowings and lease obligations (excluding current portion) per year within five years after the consolidated settlement date

	Over 1 to 2 years (million yen)	Over 2 to 3 years (million yen)	Over 3 to 4 years (million yen)	Over 4 to 5 years (million yen)
Long-term borrowings	1,728	1,678	1,621	1,610
Lease obligations	105	108	111	115

(Schedule of Asset Retirement Obligations)
As the matters to be stated in this schedule are included in the notes stipulated in Article 15-23 of the Regulations for Consolidated Financial Statements, the description of the schedule of asset retirement obligations has been omitted.

(2) Others
Quarterly information for the current fiscal year

(YTD)		First quarter	Second quarter	Third quarter	Full year
Net sales	(million yen)	5,044	10,391	16,410	23,072
Profit before income taxes	(million yen)	1,432	2,811	4,323	6,060
Profit attributable to owners of parent	(million yen)	1,012	1,987	3,055	4,279
Earnings per share	(yen)	10.43	20.46	31.46	44.03

(Note) The Company has implemented a 2-for-1 stock split on January 1, 2022 and a 2-for-1 stock split on October 1, 2022. Therefore, earnings per share are calculated as if the stock splits had been implemented at the beginning of the current fiscal year.

(QTD)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	10.43	10.03	11.00	12.57

(Note) The Company has implemented a 2-for-1 stock split on January 1, 2022 and a 2-for-1 stock split on October 1, 2022. Therefore, earnings per share are calculated as if the stock splits had been implemented at the beginning of the current fiscal year.

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Financial Statements

1) Non-Consolidated Balance Sheets

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current Assets		
Cash and Deposits	8,906	6,430
Consumption Tax Receivable	122	-
Short-Term Loans Receivable from Subsidiaries and Affiliates	1	232
Accounts Receivable from Subsidiaries and Affiliates - Other	95	95
Other	138	279
Total Current Assets	9,263	7,036
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	*1 8,858	*1 14,209
Machinery, Equipment and Vehicles, Net	0	0
Tools, Furniture and Fixtures, Net	12	11
Land	*1 1,301	*1 1,404
Construction in Progress	1,211	2,279
Total Property, Plant and Equipment	11,383	17,905
Intangible Assets		
Other	20	38
Total Intangible Assets	20	38
Investments and Other Assets		
Shares of Subsidiaries and Affiliates	130	180
Leasehold and Guarantee Deposits	744	1,216
Deferred Tax Assets	21	21
Other	5	69
Total Investments and Other Assets	901	1,487
Total Non-Current Assets	12,305	19,431
Deferred Assets		
Share Issuance Cost	42	21
Total Deferred Assets	42	21
Total Assets	21,610	26,489

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current Liabilities		
Short-Term Borrowings	*2 1,373	*2 1,753
Current Portion of Long-Term Borrowings	*1 996	*1 1,645
Accounts Payable - Other and Accrued Expenses	86	96
Accounts Payable from Subsidiaries and Affiliates - Other	-	122
Income Taxes Payable	60	38
Deposits Received	11	14
Provision for Bonuses	5	12
Other	0	31
Total Current Liabilities	2,534	3,715
Non-Current Liabilities		
Long-Term Borrowings	*1 6,596	*1 9,312
Asset Retirement Obligations	176	250
Provision for Retirement Benefits	0	0
Total Non-Current Liabilities	6,772	9,563
Total Liabilities	9,307	13,279
Net Assets		
Shareholders' Equity		
Share Capital	5,838	5,866
Capital Surplus		
Legal Capital Surplus	5,798	5,826
Other Capital Surplus	10	10
Total Capital Surplus	5,808	5,836
Retained Earnings		
Other Retained Earnings		
Retained Earnings Brought Forward	658	1,509
Total Retained Earnings	658	1,509
Treasury Shares	(1)	(1)
Total Shareholders' Equity	12,303	13,210
Total Net Assets	12,303	13,210
Total Liabilities and Net Assets	21,610	26,489

2) Non-Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Operating Revenue	*1 1,884	*1 3,145
Operating Costs	591	1,013
Operating Gross Profit	1,292	2,132
Selling, General and Administrative Expenses	*1,2 809	*1,2 992
Operating Profit	482	1,140
Non-Operating Income		
Interest Income	*1 0	*1 0
Penalty Income	10	11
Miscellaneous Income	7	1
Total Non-Operating Income	18	13
Non-Operating Expenses		
Interest Expenses	38	51
Amortization of Share Issuance Cost	14	20
Miscellaneous Loss	1	-
Total Non-Operating Expenses	54	72
Ordinary Profit	446	1,081
Profit before Income Taxes	446	1,081
Income Taxes	12	12
Income Taxes-Deferred	(45)	(0)
Total Income Taxes	(32)	11
Profit	479	1,069

Statements of Operating Costs

	Fiscal year ended September 30, 2021		Fiscal year ended September 30, 2022	
	Amount (million yen)	% of total (%)	Amount (million yen)	% of total (%)
I Expenses				
Rent	228		381	
Depreciation	354		602	
Others	9		29	
Total expenses	591	100.0	1,013	100.0
Total operating costs	591	100.0	1,013	100.0

3) Non-Consolidated Statements of Changes in Net Assets

Fiscal year ended September 30, 2021

(Unit: million yen)

	Shareholders' Equity							Total Net Assets
	Share Capital	Capital Surplus			Retained Earnings	Treasury Shares	Total Shareholders' Equity	
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings			
					Retained Earnings Brought Forward			
Balance at the beginning of current period	1,540	1,500	10	1,510	314	(0)	3,365	3,365
Changes during the period								
Dividends from surplus					(135)		(135)	(135)
Issuance of new shares	4,297	4,297		4,297			8,594	8,594
Profit					479		479	479
Acquisition of treasury shares						(0)	(0)	(0)
Total changes during the period	4,297	4,297	-	4,297	343	(0)	8,937	8,937
Balance at the end of current period	5,838	5,798	10	5,808	658	(1)	12,303	12,303

Fiscal year ended September 30, 2022

(Unit: million yen)

	Shareholders' Equity							Total Net Assets
	Share Capital	Capital Surplus			Retained Earnings	Treasury Shares	Total Shareholders' Equity	
					Other Retained Earnings			
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Retained Earnings Brought Forward			
Balance at the beginning of current period	5,838	5,798	10	5,808	658	(1)	12,303	12,303
Changes during the period								
Dividends from surplus					(218)		(218)	(218)
Issuance of new shares	28	28		28			56	56
Profit					1,069		1,069	1,069
Acquisition of treasury shares						-	-	-
Total changes during the period	28	28	-	28	850	-	907	907
Balance at the end of current period	5,866	5,826	10	5,836	1,509	(1)	13,210	13,210

(Notes)

(Significant Accounting Policies)

1. Valuation standard and method for marketable securities

Subsidiary shares

Cost method based on the moving average method is used.

2. Depreciation method for fixed assets

(a) Property, plant and equipment

The declining-balance method is used. However, the straight-line method is used for buildings and structures acquired on or after October 3, 2016.

The main useful lives are as follows:

Buildings and structures	2 to 47 years
Machinery, equipment and vehicles	2 years
Tools, furniture and fixtures	2 to 8 years

(b) Intangible assets

The straight-line method is used.

The main useful life is as follows:

Software (for internal use)	5 years (usable period within the Company)
Other	6 to 15 years

3. Method of accounting for deferred assets

Share issuance cost

Amortized using the straight-line method over an effective period of up to three years.

4. Accounting standards for provisions

Provision for bonuses

To provide for the payment of bonuses to employees, the Company records the estimated amount of bonus payments to employees and the amount of legal welfare expenses attributable to the current fiscal year borne by the Company.

Provision for retirement benefits

In order to provide for the payment of retirement benefits to employees, the Company has used the simplified method to calculate the provision for retirement benefits and retirement benefit expenses, which uses the amount required to be paid at the end of the term for retirement benefits, as the retirement benefit obligation.

5. Revenue and expense recognition standards

As a holding company, the Company's revenues consist primarily of management guidance fees, real estate rents, and dividends received from consolidated subsidiaries. For management guidance fees, since the performance obligation is satisfied by providing management services, the Company recognizes revenue at that point in time over a fixed period in an amount stipulated in the contract. Real estate rents are recognized as revenues when the rent is incurred based on the lease contract. In addition, dividend income is recognized as revenue as of the effective date of the dividend.

6. Other important matters for the preparation of financial statements

Accounting treatment of consumption taxes

Non-deductible consumption taxes are recorded in selling, general and administrative expenses as incurred, except for the portion related to property, plant and equipment (PP&E). Non-deductible consumption taxes related to PP&E are included as part of the PP&E value and depreciated over the useful life of the PP&E.

Impairment loss on fixed assets

For business assets, the entire company is grouped as the smallest unit that generates independent cash flows, and the Company determines whether an indicator of impairment of fixed assets exists, recognizes and measures an impairment loss. There is no applicable information for idle assets.

(Significant Accounting Estimates)

Not applicable.

(Changes in Accounting Policies)

Application of Accounting Standard for Revenue Recognition and other related standards

The Company began applying the Revenue Recognition Accounting Standard and other related standards at the beginning of the current fiscal year. Accordingly, when control of any promised goods or services is transferred to customers, revenue is recognized in the amount expected to be received in exchange for said goods or services. The application of the Revenue Recognition Accounting Standard and other related standards is in accordance with the transitional treatment stipulated in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year, was added to or subtracted from the beginning balance of retained earnings of the current fiscal year, and thus the new accounting policy was applied, having started from the said beginning balance. The changes in accounting policies have no impact on the financial statements.

The Company has made no reclassification for the previous fiscal year by using the new method of presentation in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard. Furthermore, the Company does not state “Notes (Revenue Recognition)” for the previous fiscal year in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Accounting Standard.

Application of Accounting Standard for Fair Value Measurement and other related standards

The Company began applying the Fair Value Measurement Accounting Standard and other related standards at the beginning of the current fiscal year. The Company has decided to apply the new accounting policies outlined in the Fair Value Measurement Accounting Standard and other related standards for the foreseeable future in accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments.” The changes in accounting policies have no impact on the financial statements.

(Changes in Method of Presentation)

Not applicable

(Non-Consolidated Balance Sheets)

*1. Pledged assets and secured liabilities

Assets pledged as collateral and secured liabilities are as follows:

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Buildings and structures	6,541	11,098
Land	1,070	1,404
Total	7,612	12,503

	As of September 30, 2021	As of September 30, 2022
Long-term borrowings (including current portion)	6,670	9,765

*2. Overdraft agreements and unused lines of credit

The Company has executed an overdraft agreement with 9 correspondent banks (8 banks in the previous fiscal year) to efficiently procure capital and operating funds. The balance of unused lines of credit is as follows.

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Overdraft limit	2,200	2,018
Borrowing balance	1,177	1,188
Balance	1,023	830

(Non-Consolidated Statements of Income)

*1. Transactions with subsidiaries and affiliates

(Unit: million yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Operating transactions		
Operating revenue	1,878	3,145
Selling, general and administrative expenses	55	21
Transactions other than operating transactions		
Interest income	0	0

*2. Major items and amounts of selling, general and administrative expenses, and approximate percentages are as follows.

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Personnel expenses	312 million yen	446 million yen
(Of which, provision for bonuses)	9 million yen	23 million yen
Outsourcing fees	76 million yen	62 million yen
Approximate percentage		
Selling expenses	2.9%	1.1%
General and administrative expenses	97.1%	98.9%

(Securities)

Shares of subsidiaries

As of September 30, 2021

The carrying value of shares of subsidiaries for which fair value is extremely difficult to determine is as follows.

(Unit: million yen)

	As of September 30, 2021
Subsidiary shares	130

As of September 30, 2022

The carrying value of stocks with no readily determinable market value is as follows.

(Unit: million yen)

	As of September 30, 2022
Subsidiary shares	180

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities

(Unit: million yen)

	As of September 30, 2021	As of September 30, 2022
Deferred tax assets		
Unpaid enterprise tax	16	10
Provision for bonuses	1	3
Asset retirement obligations	54	76
Deferred consumption tax	10	7
Other	2	7
Subtotal of deferred tax assets	86	105
Valuation allowance for total future deductible temporary differences	-	-
Subtotal of valuation allowance	-	-
Total deferred tax assets	86	105
Deferred tax liabilities		
Removal costs corresponding to asset retirement obligations	(49)	(70)
Effect of changes in accounting policies	(15)	(14)
Total deferred tax liabilities	(65)	(84)
Net deferred tax assets	21	21

2. Breakdown by major item of the difference between the statutory effective tax rate and the effective income tax rate after the application of tax effect accounting, when there is a significant difference between the two rates.

(Unit: %)

	As of September 30, 2021	As of September 30, 2022
Statutory effective tax rate	30.6	30.6
(Adjustment)		
Non-deductible expenses for entertainment expenses	0.0	0.0
Equal residential tax rate	0.9	0.4
Tax credits through the tax system for wage increases and productivity improvements	(0.4)	-
Tax credits through the tax system for promotion of securing human resources	-	(0.2)
Dividend income and other items excluded from gross revenue	(30.8)	(29.7)
Increase or decrease in valuation allowance	(7.5)	-
Others	0.0	0.0
Effective income tax rate after the application of tax effect accounting	(7.2)	1.1

(Revenue Recognition)

Useful information in understanding revenue from contracts with customers is omitted because the same information is presented in “Notes (Significant Accounting Policies), 5. Revenue and expense recognition standards.”

(Significant Subsequent Events)

Common stock split

The Company has implemented a common stock split and partially amended the Articles of Incorporation on October 1, 2022 based on a resolution of the Board of Directors meeting held on August 10, 2022.

(1) Purpose of the Stock Split

The purpose of the stock split is to improve the liquidity of the Company's stock and expand its investor base by reducing the stock price per investment unit.

(2) Method of the Stock Split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2022 has been split into two shares.

(3) Increase in Shares Due to the Stock Split

Total number of issued shares prior to the stock split:	48,917,600 shares
Increase in shares due to the stock split:	48,917,600 shares
Total number of issued shares following the stock split:	97,835,200 shares
Total number of authorized shares following the stock split:	320,000,000 shares

(4) Schedule of the Stock Split

Public notice of record date:	September 8, 2022
Record date:	September 30, 2022
Effective date:	October 1, 2022

(5) Impact on Per Share Information

Per share information assuming that the stock split was implemented at the beginning of the previous fiscal year is as follows.

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net assets per share	126.68 (yen)	135.03 (yen)
Earnings per share	5.12 (yen)	11.00 (yen)
Diluted earnings per share	5.02 (yen)	10.90 (yen)

(6) Partial Amendment to the Articles of Incorporation Relating to the Stock Split

(a) Reason for the amendment

In conjunction with the stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, by resolution of the Board of Directors on August 10, 2022, the Company has amended Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective October 1, 2022.

(b) Details of the amendment

The details of the amendment are as follows.

(Amendment is underlined)

Current Articles of Incorporation	Articles of Incorporation after Amendment
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>160,000,000</u> shares.	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>320,000,000</u> shares.

(c) Schedule of the amendment

Effective date: October 1, 2022

(7) Other

(a) Change in the amount of stated capital

The amount of stated capital has not changed as a result of this stock split.

(b) Adjustment of the exercise price per share of the stock acquisition rights

Following the above stock split, the exercise price per share of the stock acquisition rights issued by the Company has been adjusted as follows, effective October 1, 2022.

Stock Acquisition Rights	Exercise Price before Adjustment	Exercise Price after Adjustment
Series 4 Stock Acquisition Rights	12 yen	6 yen
Series 5 Stock Acquisition Rights	158 yen	79 yen

Capital Reduction

The Company had resolved, at a Board of Directors meeting held on November 21, 2022 to submit a proposal to reduce its amount of share capital at the sixth ordinary general meeting of shareholders on December 23, 2022 and the meeting of shareholders approved the proposal.

For details, please refer to “1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes (Significant Subsequent Events).”

4) Non-Consolidated supplementary schedules

(Schedule of property, plant and equipment and intangible assets)

(Unit: million yen)

Type of assets	Balance as of October 1, 2021	Increases during the period	Decreases during the period	Depreciation during the period	Balance as of September 30, 2022	Cumulative depreciation	Acquisition cost as of September 30, 2022
Property, plant and equipment							
Buildings and structures	8,858	5,951	-	600	14,209	1,093	15,302
Machinery, equipment and vehicles	0	-	-	-	0	1	1
Tools, furniture and fixtures	12	2	-	3	11	9	20
Land	1,301	103	-	-	1,404	-	1,404
Construction in progress	1,211	7,155	6,087	-	2,279	-	2,279
Total property, plant and equipment	11,383	13,213	6,087	603	17,905	1,104	19,009
Intangible Assets							
Others	20	22	-	3	38	-	-
Total intangible assets	20	22	-	3	38	-	-

(Note) The main items of the increase in the current period are as follows.

Buildings and structures	Ishinkan Chiba ekimae	Ishinkan building and facilities	754 million yen
	Ishinkan Yokohama Nakayama	Ishinkan building and facilities	564 million yen
	Ishinkan Inage	Ishinkan building and facilities	555 million yen
	Ishinkan Higashi Sapporo	Ishinkan building and facilities	517 million yen
	Ishinkan Minami Nagareyama	Ishinkan building and facilities	495 million yen
	Ishinkan Yamato	Ishinkan building and facilities	469 million yen
	Ishinkan Shizuoka	Ishinkan building and facilities	410 million yen
	Ishinkan Tsukuba	Ishinkan building and facilities	393 million yen
	Ishinkan Joetsu	Ishinkan building and facilities	358 million yen
	Ishinkan Ageo	Ishinkan building and facilities	356 million yen
	Ishinkan Hirosaki	Ishinkan building and facilities	339 million yen
	Ishinkan Aomori	Ishinkan building and facilities	331 million yen
Land	Ishinkan Hirosaki	Land for business use	102 million yen

(Schedule of Reserves)

(Unit: million yen)

	Balance as of October 1, 2021	Increase during the period	Decrease during the period	Balance as of September 30, 2022
Provision for bonuses	5	12	5	12

2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

3) Others

Not applicable.

F: Outline of the Submitting Company's Share Administration

Fiscal year	From October 1 of each year to the end of September of the following year
Ordinary general meeting of shareholders	Within three months after the end of each fiscal year
Record date	End of each fiscal year
Record dates for dividends from surplus	March 31 End of each fiscal year
Number of shares per unit	100 shares
Purchase of odd-lot shares	
Share-handling location	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder register administrator	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation
Agency	-
Commission for purchase	free
Method of public notice	Public notices shall be made electronically. However, in the event that electronic public notices are not possible due to unavoidable circumstances, public notices shall be made by publication in the Nihon Keizai Shimbun. URL of public notice: https: //www.amvis.com/en/
Shareholder privileges	Not applicable.

(Notes) The Company's Articles of Incorporation stipulate that shareholders of the Company may not exercise any rights other than the following rights with respect to shares constituting less than one unit held by them.

1) The rights listed in each item of Article 189, Paragraph 2 of the Companies Act
2) Right to request the acquisition of shares with put options
3) Rights to receive an allotment of offered shares or offered stock acquisition rights

G: Reference Information for the Submitting Company

1. Information on the Submitting Company's Parent Company

As defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act, the parent company of the Company is IDEA Capital.

2. Other Reference Information

The following documents were submitted from the start of the current fiscal year to the date of submission of the Annual Securities Report.

1) Annual Securities Report and its attached documents and confirmation

Fifth fiscal term (from October 1, 2020 to September 30, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on December 28, 2021

2) Internal Control Report with supplementary documents

Fifth fiscal term (from October 1, 2020 to September 30, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on December 28, 2021

3) Quarterly Reports and Written Confirmation

First quarter of the sixth fiscal term (from October 1, 2021 to December 31, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on February 10, 2022

Second quarter of the sixth fiscal term (from January 1, 2022 to March 31, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on May 12, 2022

Third quarter of the sixth fiscal term (from April 1, 2022 to June 30, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on August 10, 2022

4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on December 28, 2021

This extraordinary report is based on Article 19, Paragraph 2, Item 9-2 (Results of Exercise of Voting Rights at General Meeting of Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Information.

Part II: Information on the Submitting Company's Guarantor Company

Not applicable.